

# A Brief Guide to the City of Zagreb 2020 Enacted Budget

---

## Other document types / Ostale vrste dokumenata

Publication year / Godina izdavanja: **2020**

Permanent link / Trajna poveznica: <https://urn.nsk.hr/urn:nbn:hr:242:270226>

Rights / Prava: [Attribution-NonCommercial-NoDerivatives 4.0 International/Imenovanje-Nekomercijalno-Bez prerada 4.0 međunarodna](#)

Download date / Datum preuzimanja: **2024-12-27**



Repository / Repozitorij:

[Institute of Public Finance Repository](#)



# **A Brief Guide to the City of Zagreb 2020 Enacted Budget**



January, 2020

**PUBLISHER**

The City of Zagreb, Trg S. Radića 1, Zagreb

**FOR THE PUBLISHER**

City Office for Financing, City of Zagreb

**PREPARED BY**

Institute of Public Finance, Zagreb

**LAYOUT AND TYPESETTING**

Bachrach & Krištofić

NJI<sub>3</sub>

**ISBN** 978-953-8319-06-8



The City's 2020 budget is a complex and extensive document, showing the sources of the City's revenues and the ways of their spending, and it is therefore important to all Zagreb residents. This brief guide aims to provide, in the simplest and most concise way, basic information on the budget, thus encouraging citizens to become involved in the budget process and contribute to the quality and efficiency of the City's municipal services.

As indicated in the calendar laid down in the [Budget Act](#), the City's budget is prepared in line with the Government's annual [Economic and Fiscal Policy Guidelines](#) 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 relevant three-year period, and the **general government's** macroeconomic and fiscal framework. The 2020–2022 Economic and Fiscal Policy Guidelines have been drafted on the basis of strategic plans, the 2019 National Reform Programme and the Convergence Programme of the RC for the period 2019–2022, as well as specific EU Council recommendations. The Convergence Programme provides a strategic basis for developing the Guidelines according to which fiscal balance and public debt movements are expected to be in line with the [Fiscal Responsibility Act](#) and the [Stability and Growth Pact](#). The Guidelines also announce changes in the tax system which will affect the state budget, budgets of local and regional self-government units and, consequently, the City of Zagreb budget over the next three-year period.

Favourable economic activity trends in the country are expected to continue over the medium term, with a real GDP growth rate of 2.8% in 2019, slowing down gradually to 2.5% in 2020 and 2.4% in 2021 and 2022. Throughout the projection period, economic growth will largely stem from domestic demand, accompanied by low and stable inflation rates and a continuation of favourable labour market movements and a further decline in unemployment rates.

After a debate, the City Assembly on 10 December 2019 enacted a [2020 Budget and Projections for the period 2021–2022](#). The key features of the City of Zagreb 2020 Budget are in line with the main strategic goals set forth in [Zagrebplan 2020](#), i.e.:

- competitive economy;
- human resources development;
- environmental protection and sustainable natural resources and energy management;

---

**regional self-government**  
a legal framework within which counties and the City of Zagreb are competent for certain affairs (e.g. primary and secondary education, health care and social welfare), and are entitled to their own revenues and own representative and executive authorities.

---

**general government**  
the central government (the budget and extra-budgetary users of the national budget), including the budget and extra-budgetary users of county, city and municipality budgets.

- the City's spatial quality and functions improvement;
- quality of life improvement; and
- upgrading the development management system.

A novelty in Instructions for Drafting the Budgets of Units of Local and Regional Self-Government, 2020–2022 is the obligatory inclusion of funds for gross salaries, contributions and other expenditures for primary and secondary school employees, provided in the state budget. There are no changes in the financial plans of schools relative to the previous year, but there are changes in the budgets of the competent units of local and regional self-government, including the City of Zagreb. Consequently, as from 2020, the above-mentioned expenditures are to be included in the City's budget on the expenditure side, whereas the same amounts are to be shown on the revenue side as state budget grants to budget users.

The full text of the [City of Zagreb 2020 Enacted Budget and Projections for the Period 2021–2022](#), including the [Guide to the City of Zagreb Budget](#) (with general information on the City's budget and budget process) can be found on the City's official website. Below is a brief presentation of the revenues, expenditures, financing account and debt for the period 2016–2022, including a detailed breakdown of revenues and expenditures for 2020.

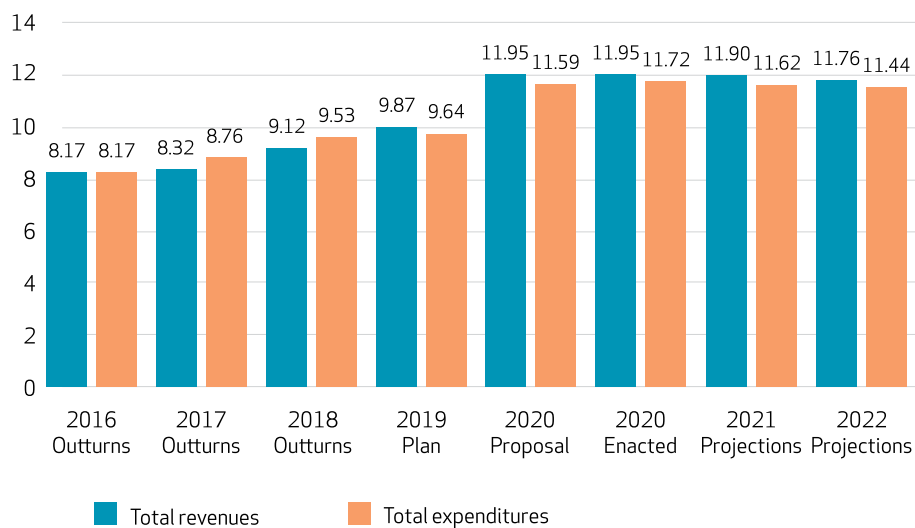


**earmarked revenues**

revenues used for a predetermined purpose. For example, revenues from utility charges are used for the maintenance and construction of communal infrastructure, financing of construction and maintenance of preschools, schools, health and social facilities, public buildings for sports and cultural purposes and improvement of energy efficiency of buildings owned by the City.

## ENACTED REVENUES AND EXPENDITURES

Total **revenues and expenditures** enacted for **2020** stand at **HRK 11.95bn and HRK 11.72bn**, respectively (graph 1).



**Graph 1: The City's budget revenues and expenditures, 2016–2022 (in billion HRK)\***

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

In parallel with the preparation of the 2020 budget proposal, budget projections are made for 2021 and 2022. As shown in graph 1, budget revenues and expenditures will decline slightly in 2021 and 2022 relative to 2020.

The City's budget comprises **the revenues and expenditures of all 328 City's budget users**, i.e. institutions founded and majority-financed by the City, and listed in the [Register of Budget and Extra-budgetary Users](#). These include, for example, public health care institutions (health centres, polyclinics, hospitals and institutes), preschool, primary school and secondary school education institutions, cultural institutions, social welfare institutions, the Zagreb Public Fire Department, the City of Zagreb Physical Planning Institute, Public Institution Maksimir, Zoological Garden, the Sports Facilities Management Institution and the Zagreb Development Agency for Coordination and Promotion of Regional Development.

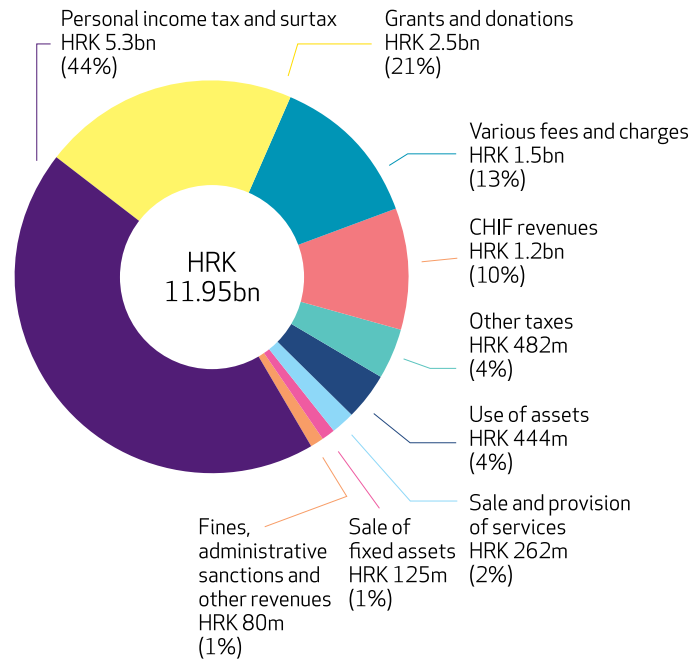
There are also [companies founded by the City](#) for the provision of public services and the performance of public activities (e.g. Zagreb Holding). However, they are not budget users and their revenues and expenditures are therefore not shown in the City's budget.

## ENACTED REVENUES

**Total enacted revenues** for 2020 amount to **HRK 11.95bn** (graph 2), almost half of which will come from **personal income tax and surtax (HRK 5.3bn)**. Considerable amounts are expected from **grants and donations (HRK 2.5bn)**, mostly from the state budget, followed by revenues from various **fees and charges** in the amount of **HRK 1.5bn** (HRK 930m from utility contributions and charges), and budget users' revenues from the **Croatian Health Insurance Fund (CHIF)** for health services rendered (**HRK 1.2bn**).



Each employed person will pay an average monthly amount of HRK 1,044 in personal income tax and surtax into the budget.



Graph 2: The City's budget revenues, 2020\*

\* Including own and earmarked revenues of budget users.

**Total 2020 revenues** are enacted to rise by **HRK 2.1bn (21%)** relative to the revised budget revenues from December 2019. **The sharpest increase will be in grants** (up HRK 1.77bn or 250%). **Grants** expected from the state budget in a total amount of **HRK 1.46bn** will be used for gross wages, contributions and other expenditures **for primary and secondary school employees**, which are, for the first time, included in the City's 2020 budget, in accordance with the already mentioned Instructions for Drafting the Budgets of Units of Local and Regional Self-Government, 2020–2022. Another HRK 136.3m is expected in state budget grants (HRK 50m in equalization grants for **decentralised functions**, HRK 32.2m for the Arena rental fee subsidies, HRK 20m for secondary school transport **subsidies**, HRK 12.5m for presidential and parliamentary elections, etc.). A total of about **HRK 498m** is planned to be received **from EU funds and international organisations**, mainly for the waste management plan (HRK 120.4m), energy-saving renovation of public buildings (HRK 57.3m), the Remetinec Roundabout (HRK 24m), the ZagEE project (HRK 23.2m), pedestrian underpass modernization (HRK 18.8m), the redesigning of the Gradec Gallery into a Visitor Centre Zagreb (HRK 15.2m) and a number of other minor projects.

Budget users' **revenues** from **CHIF** for health services rendered **go up by HRK 201.2m (19.5%)**, as do **tax revenues by HRK 193m**, or 3.5%, compared with the revised budget from December 2019 (income tax and surtax increase by HRK 165m). The budget also takes account of amendments to the

#### decentralised functions

responsibility for part of specific public services (primary and secondary education, health care, social welfare and fire fighting services), delegated by government to certain counties, cities and municipalities, for which these units receive additional funding.

#### subsidy

a non-repayable sum of money granted for the purpose of stimulating the production of goods or provision of services.

Personal Income Tax Act, coming into force on 1 January 2020, according to which the basic personal allowance increases from HRK 3,800 to HRK 4,000. Moreover, a total personal income tax exemption is introduced for persons under 25 years of age and a 50% exemption for persons between 26 and 30 years of age. The proposed measures will adversely affect the revenues of the units of local and regional self-government, including those of the City of Zagreb. Consequently, assuming the expected economic and net salary growth, revenues from income tax and surtax are planned to rise at a slower pace compared with the estimated 2019 outturns. **Revenues from property tax will go up by HRK 28m (8.2%)** from 2019, mainly due to favourable real estate market trends over recent years.

By contrast, compared with 2019, **decreases** are expected in **revenues from the sale of fixed assets by HRK 73.6m (or 37.1%)** and **finances, administrative sanctions and other revenues by HRK 42.9m (or 34.8%)**.

*Compared with the initial 2020 budget proposal, total enacted budget revenues remain unchanged.*

## ENACTED EXPENDITURES BY TYPE

**Total 2020 budget expenditures** will stand at **HRK 11.72bn** (graph 3). As before, the highest priorities in planning them will be the following:

- providing funds for key capital projects and utility infrastructure improvement projects, as prerequisites for faster economic growth;
- ensuring an equal level of acquired rights for lower-income citizens;
- promoting demographic renewal;
- timely settlement of all contractual and credit liabilities; and
- ensuring the smooth operation of all **city administrative bodies** and the highest level of services they provide.

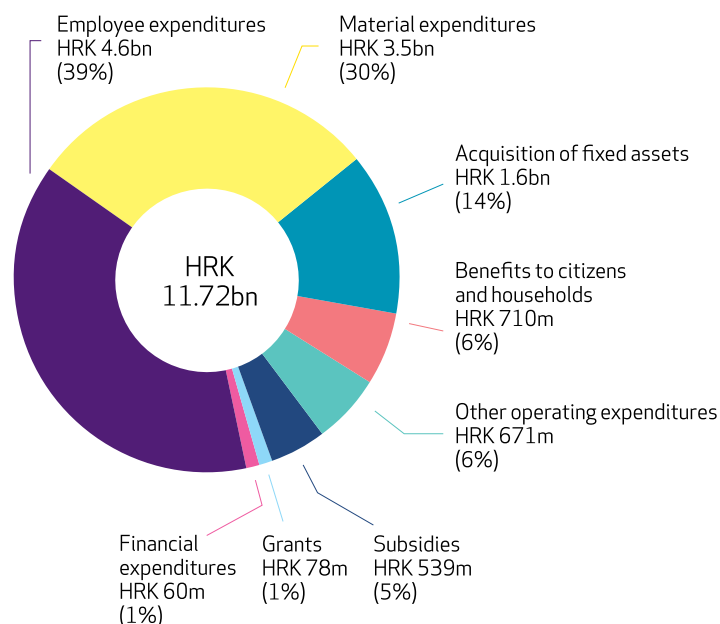
Total enacted **expenditures** in 2020 **go up by HRK 2.1bn (21.6%)** relative to the revised budget from December 2019. **The largest increases are in expenditures for employees up HRK 1.6bn (or 54.2%)**, which is due to the inclusion of funds for salaries and other compensation of the City's primary and secondary school employees into the budget plan for the first time. The total amount of these funds is HRK 1.46bn (HRK 866m for primary and HRK 593.7m for secondary schools). Relative to 2019, increases are also planned in **material expenditures** (HRK 204m or 6.2%), **other expenditures** (HRK 143.9m or 27.3%), mainly capital grants for waste man-



**city administrative bodies**  
the offices, institutes  
and professional services  
performing activities within  
the competence of the City.



agement and ZET transportation, as well as **expenditures for the acquisition of fixed assets** (HRK 118.5m or 7.9%), largely on account of additional investments in construction facilities. By contrast, compared with 2019, **subsidies** and **financial expenditures decrease** slightly, by HRK 27.1m (4.8%) and HRK 11m (15.5%), respectively.



**Graph 3: The City's budget expenditures by type (economic classification), 2020\***

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

**Expenditures for employees** (HRK 4.6bn) include salaries, contributions and other employee expenses, including expenditures for the EU-funded project employees. Out of the total, HRK 1.9bn relates to employees in city administrative bodies and budget users not financed from own and earmarked funds (e.g. kindergartens and museums), and HRK 2.6bn to employees in budget users financed from own and earmarked funds (e.g. primary and secondary schools, hospitals, polyclinics and health centres).

The bulk of **material expenditures** (HRK 3.5bn) refers 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 office materials, energy use and services (e.g. telephone, postal, transportation and information services), necessary for the smooth functioning of the City's administrative bodies and budget users.

About HRK 1.6bn is planned for **the acquisition of fixed assets**, i.e. roads, utility infrastructure, commercial and other buildings, as well as equipment in schools, health care and social welfare institutions, etc. The lion's share (HRK 703m) of capital investments will be realised through the City Office for Physical Planning, Construction of the City, Utility Services and Transport, in compliance with the [Agenda for Capital Investment in Social Service Facilities in 2020](#) and [Agenda for Transportation and Municipal Economy in 2020](#).

Enacted **benefits to citizens and households** (HRK 710m) comprise cash assistance for newborns and parent educators (HRK 430m), pension supplement (HRK 73.5m), compensation of transportation costs, including those for persons with disabilities, paid to ZET (HRK 71.8m), assistance for improving the living standards of pupils and students, and aid to the orphans of fallen and missing homeland war veterans (HRK 33.4m), funds for the co-financing of long-distance transportation of pupils, purchase of textbooks and other teaching materials, as well as funding for extra-curricular activities (HRK 27.1m). They further include funds for the nutrition of materially disadvantaged persons (HRK 15.8m) and connection to communal water supply structures (HRK 15m), housing assistance to households (HRK 12.9m) 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.

**Other operating expenditures** (HRK 671m) mostly refer to current donations and capital grants. Current donations (HRK 453m) are given for the co-financing of sports (HRK 211m), religious and private kindergartens and schools (HRK 95.1m), culture (e.g. libraries, museums and theatres, as well as music, visual arts and film-making activities), the Zagreb Fire Fighting Association, and non-profit organisations (such as NGOs, social and development programmes, etc.). The most substantial capital grants relate to intervention measures within the waste management plan (HRK 120m), the ZET company's motor fleet renewal and reconstruction (HRK 32m) and the Zagreb Waste Management Centre (HRK 12.2m).

**Subsidies** (HRK 539m) are earmarked for the promotion of production and services of companies, sole traders, farmers and SMEs. The bulk of the amount relates to the municipal public transport, i.e. ZET (HRK 398.1m), the Arena sports hall rental (HRK 64.4m), employment of disabled persons (HRK 29m) and promotion of trades and SMEs (HRK 16m).



## Differences in expenditures between the proposed and enacted 2020 budgets

The City's political fractions and city representatives, on 15 November 2019, proposed to the City Assembly a total of 44 amendments to the 2020 budget proposal, of which 13 were accepted in full and 31 were refused. Total expenditures in the budget enacted on 10 December 2019 were increased by HRK 137m, i.e. from HRK 11,586bn to HRK 11,723bn.

### The most substantial changes accepted relate to the provision of additional funds for:

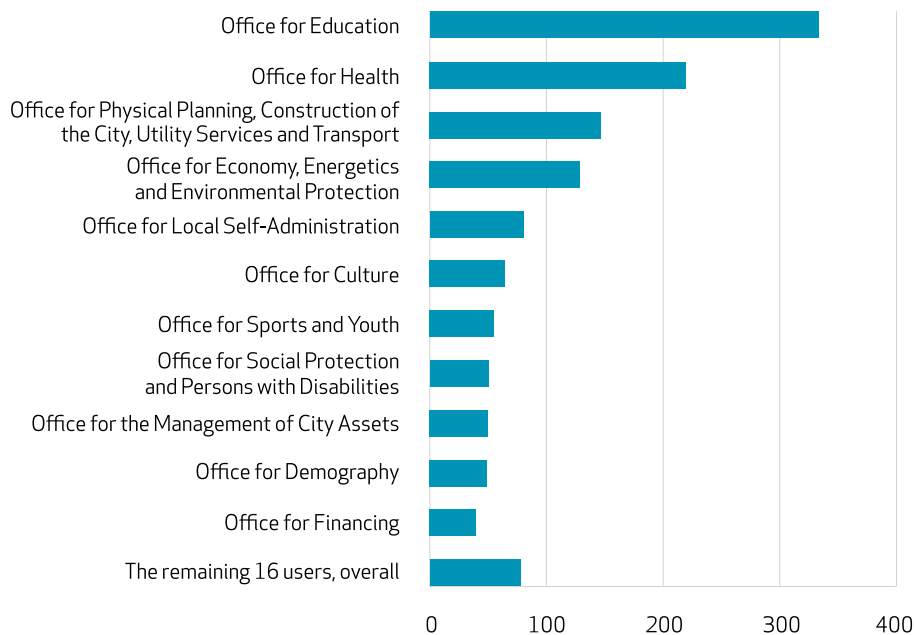
- the reconstruction of the junction of Slavonska avenija, Siniše Glavaševića street and Gordana Lederera street (HRK 24m);
- property relations settlement regarding the following: extensions of Branimirova street towards Sesvete and of Rudolfa Kolarika street (Dubrava), the junction of Ivana Lučića street (Vrbik) with Slavonska avenija, Medpotoki underpass (Stenjevec/Podsused-Vrapče) (HRK 20m);
- the project documentation, levelling, construction and equipment of the Primary School Bukovac (HRK 20m);
- Zagreb University (HRK 6m) and the Croatian Academy of Sciences and Arts (HRK 3m);
- the extension and equipment of the Ante Kovačić Primary School, Špansko (HRK 7.75m);
- the procurement of a new high-ladder fire truck (HRK 7.5m);
- the creation of technical documentation for a new Maksimir Stadium (HRK 6.5m);
- the school extension and construction of a new sports hall in the Primary School Brezovica, Branch School Kupinečki Kraljevec (HRK 5m);
- the construction of a recreation centre in Lanište, Novi Zagreb West (HRK 3.4m);
- technical documentation for a Bridge Jarun-East (HRK 2.5m);
- the renovation and refurbishment of the Health Centre Odra (HRK 2m);
- the construction and utility equipment of the Institute of Forensics and Criminology, Zagreb University School of Medicine (HRK 2m);
- the construction of a kids playground in Podsused – Vrapče (HRK 1.6m);
- technical documentation for a World War II military cemetery renovation (HRK 1m);
- the pipe organ restoration in the Basilica of the Sacred Heart of Jesus in Palmotićevea street (HRK 750 thousand);



- project documentation for the following: construction of a local self-government centre in Peščenica IV, Kozari put; terrain delevelling for the construction of a north-south level crossing in Jelkovečka street, Sesvete; terrain deleveling from Dubec to VII Retkovec and the levelling of a railway crossing in Dubrava; a railway underpass in Podsused Vrapče (an extension of Podsusedska aleja in the direction of Prigornica street, including a by-street towards the Podsused Medical Station (a total of HRK 2m).

## ENACTED EXPENDITURES BY BUDGET USER

The City's **average monthly spending per capita in 2020 will be HRK 1,292** (graph 4). While most of the City's administrative bodies account for relatively small shares in total expenditures, **three major City offices**, namely for Education; Health; and Physical Planning, Construction of the City, Utility Services and Transport, **will jointly spend over half of the budget**, i.e. **a monthly average of HRK 699 per capita**.

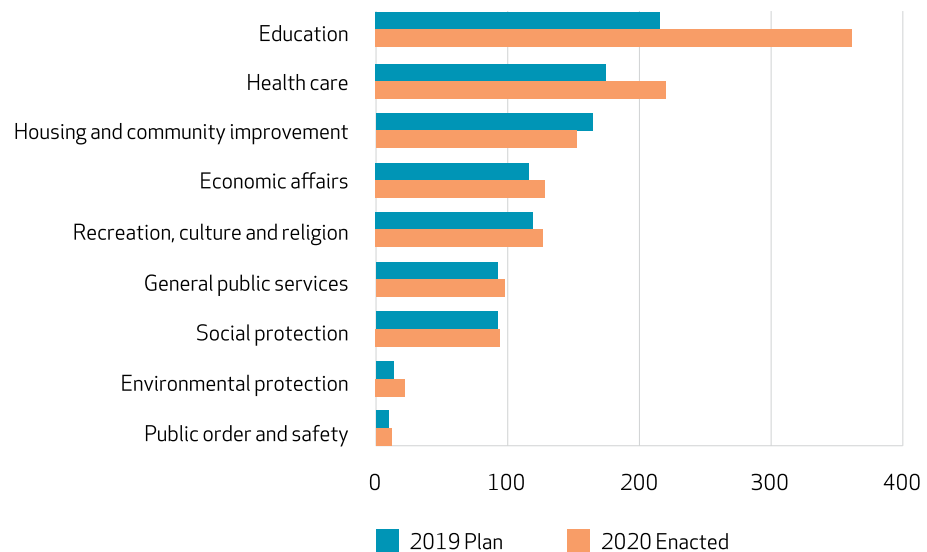


**Graph 4: Average monthly per capita spending by budget user (organisational classification), 2020 (in HRK)\***

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

## ENACTED EXPENDITURES BY PURPOSE

Most of the funds are planned to be spent on education (HRK 362), followed by health care (HRK 220), housing and community improvement (HRK 153), economic affairs (HRK 128) and recreation, culture and religion (HRK 126). Compared with 2019, the average monthly per capita spending in 2020 will increase by HRK 146 in education and HRK 45 in health care, but it will decline by HRK 12 in housing and community improvement.



**Graph 5: Average monthly per capita spending by purpose (functional classification), 2020 (in HRK)\***

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

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

**Expenditures for health care** cover health protection, the design and implementation of health protection programmes and strategies, health promotion, addiction prevention and control, the provision of support for health programmes and projects carried out by NGOs and other forms of organised health promotion activity, as well as coordination and control of the City-owned health care institutions.

**Housing and community improvement services** mainly relate to the City's property and public spaces maintenance (e.g. public lighting, etc.).

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

*Expenditures for recreation, culture and religion relate to the financing of cultural institutions, provision of support for various cultural programmes and activities, co-financing of sports, subsidies for the Arena sports hall rental, etc.*

## FINANCING ACCOUNT

In contrast to the terms *revenues* and *expenditures*, used in the revenue and expenditure account with respect to business operations and the sale and acquisition of fixed assets, the terms *receipts* and *outlays* are used in the financing account, when referring to **financial assets** and the granting, taking out and repayment of loans. *Receipts* are monetary inflows, e.g. repaid principals 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*, i.e. the amount equal to the surplus/deficit from the revenue and expenditure account.



### financial assets

money, deposits, bonds, loans, etc.

	2016 Outturns	2017 Outturns	2018 Outturns	2019 Plan	2020 Proposal	2020 Enacted	2021 Projections	2022 Projections
<b>Revenue and expenditure account</b>								
Total revenues	8,169.7	8,322.3	9,122.6	9,871.4	11,946.0	11,946.0	11,900.4	11,755.1
Total expenditures	8,168.4	8,762.2	9,530.4	9,640.3	11,585.8	11,722.8	11,617.5	11,437.3
<b>Deficit/surplus</b>	<b>1.3</b>	<b>-439.9</b>	<b>-407.8</b>	<b>231.1</b>	<b>360.2</b>	<b>223.2</b>	<b>283.0</b>	<b>317.8</b>
<b>Financing account</b>								
Receipts from financial assets and borrowing	221.3	394.8	633.3	353.3	407.1	544.1	400.2	389.7
Outlays on financial assets and loan repayment	282.8	404.0	364.1	569.5	727.3	727.3	383.0	331.5
<b>Net financing</b>	<b>-61.5</b>	<b>-9.2</b>	<b>269.2</b>	<b>-216.2</b>	<b>-320.2</b>	<b>-183.2</b>	<b>17.2</b>	<b>58.2</b>

**Table 1: Revenue and expenditure account and financing account, 2016–2022 (in million HRK)\***

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

Including own and earmarked revenues and receipts of budget users, receipts planned for 2020 stand at HRK 544.1m of which HRK 400.6m will come from new borrowing and HRK 137m from the sale of the City's stake in APIS. Outlays are planned in the amount of HRK 727.3m the bulk of which (HRK 658.3m) will be used for the existing debt repayment.

	2019 Plan	2020 Enacted	2021 Projections	2022 Projections
1. Total revenues and receipts	10,224.75	12,490.07	12,300.63	12,144.81
2. Total expenditures and outlays	10,209.84	12,450.07	12,000.50	11,768.88
<b>3. Current period's surplus/deficit (1-2)</b>	<b>14.90</b>	<b>40.00</b>	<b>300.13</b>	<b>375.93</b>
4. Coverage of previous years' deficits	14.90	40.00	300.13	375.93
5. Total expenditures and outlays + deficit coverage (2+4)	10,224.75	12,490.07	12,300.63	12,144.81

**Table 2: The previous years' deficit coverage plan, 2019–2022 (in million HRK)**

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 budget and covered successively over the next three-year period. Given the City's 2018 budget deficit of HRK 731m (identified and shown in the [Annual Report on the Execution of the City's 2018 Budget](#)), and given that the 2019 budget plan envisages the coverage of HRK 14.9m of that deficit, it is additionally proposed that the remaining amount be covered in a successive way, i.e. HRK 40m in 2020, HRK 300m in 2021 and HRK 376m in 2022 (table 2). Due to the planned deficit coverage, there are differences in the deficit/surplus amounts in the Revenue and Expenditure Account and the amounts of net financing in the Financing Account for the period 2019–2022 (table 1).

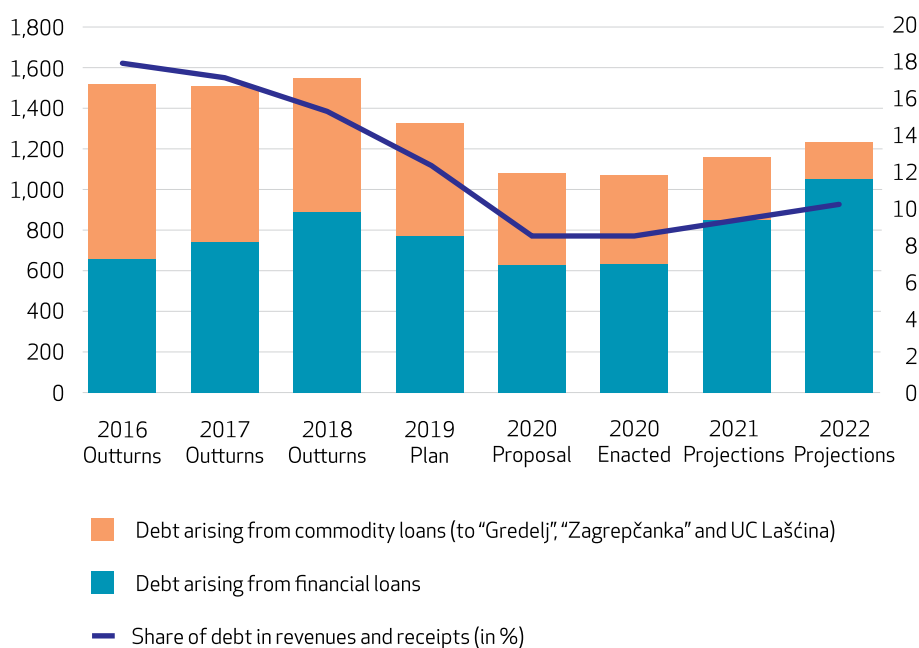
*Compared with the 2020 budget proposal, total revenues in the enacted 2020 budget remained unchanged, while total expenditures picked up by HRK 137m. Changes in the financing account, when compared with the 2020 budget proposal, are only visible on the side of outlays which increased by a total of HRK 137m or 33.7% (the amount expected from the sale of the City's stake in APIS). Hence, the amount of net financing in 2020 is changed (to minus HRK 183.2m).*

## PLANNED CITY BUDGET DEBT

**Direct debt** is planned to be about **HRK 1.07bn** at the end of **2020** (graph 6). The share of debt in total budget revenues and receipts is planned to be 8.6% in 2020, but to increase slightly (to 10.2%) in 2022. The City's debt level is relatively low, compared to total revenues and receipts, so that the direct debt can be easily serviced from regular revenues and receipts. It should be noted, however, 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 actual level will depend on such approval.



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



**Graph 6: The City's debt (in million HRK, left-hand scale) and the share of debt in budget revenues and receipts (in %, right-hand scale), 2016–2022\***

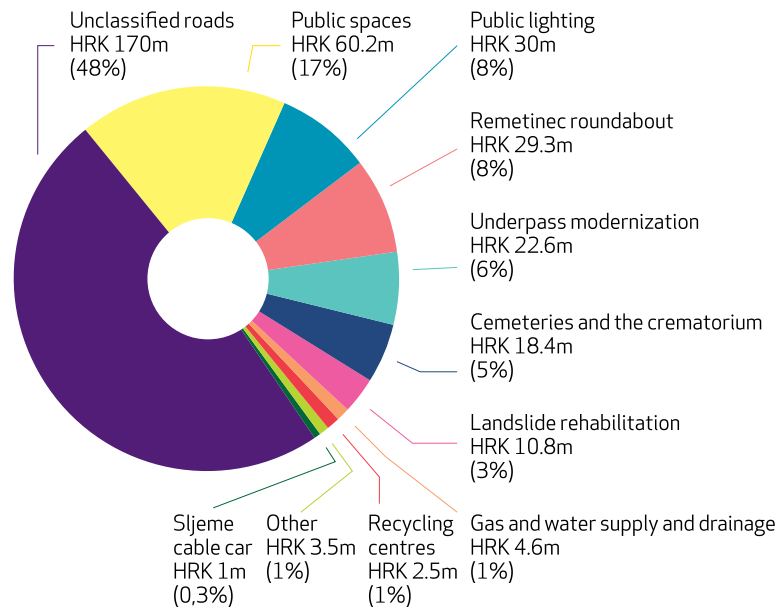
\*The revenues and receipts include own and earmarked revenues and receipts of budget users.

In addition to the direct debt shown in graph 6, the City is potentially (through given guarantees) exposed to **an indirect debt of HRK 2.34bn** (18,7% of total revenues and receipts planned for 2020). The bulk of that amount (HRK 2.3bn) relates to a guarantee for a bond issue by Zagreb Holding to refinance 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.



## DEVELOPMENT PROGRAMMES – MAJOR INVESTMENTS

The enacted amount **for the construction of utility infrastructure facilities and equipment in 2020 is HRK 353.4m** (graph 7). A good supply of utility services contributes to the quality of life and makes the City more attractive for business and social activities. These investments are therefore crucial for achieving the City's general spatial development goals.



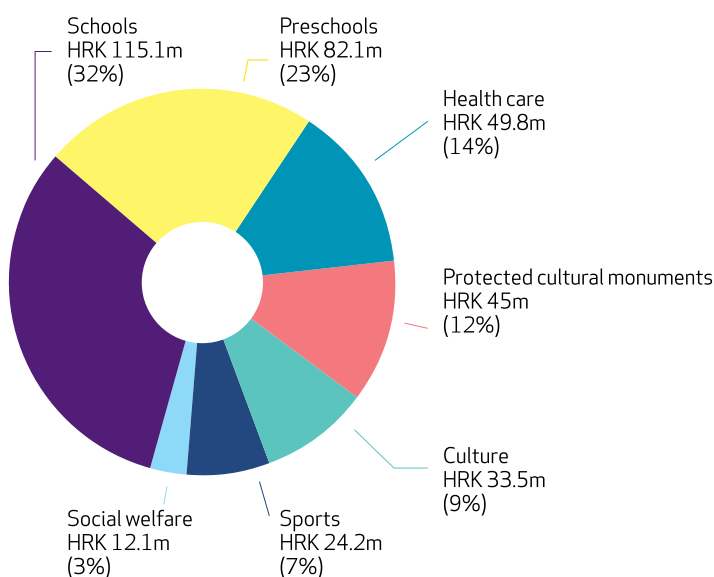
Graph 7: Capital investments in the construction of utility infrastructure facilities and equipment, 2020

Over 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 through capital investments in unclassified roads (HRK 170.5m), and the Remetinec Roundabout (HRK 29.3m). Relative to the 2019 budget plan, the sharpest cutback occurs in capital investment in the Remetinec Roundabout (down HRK 207m), given the envisaged completion of that project in early 2020. Depending on individual projects, the funds will be used for the creation of technical documentation and realisation of different construction and reconstruction phases.

*Compared with the 2020 budget proposal, total investments in utility infrastructure facilities and equipment rose by HRK 51.1m (16.9%), mainly due to an increase in investments in unclassified roads (by HRK 48.5m).*

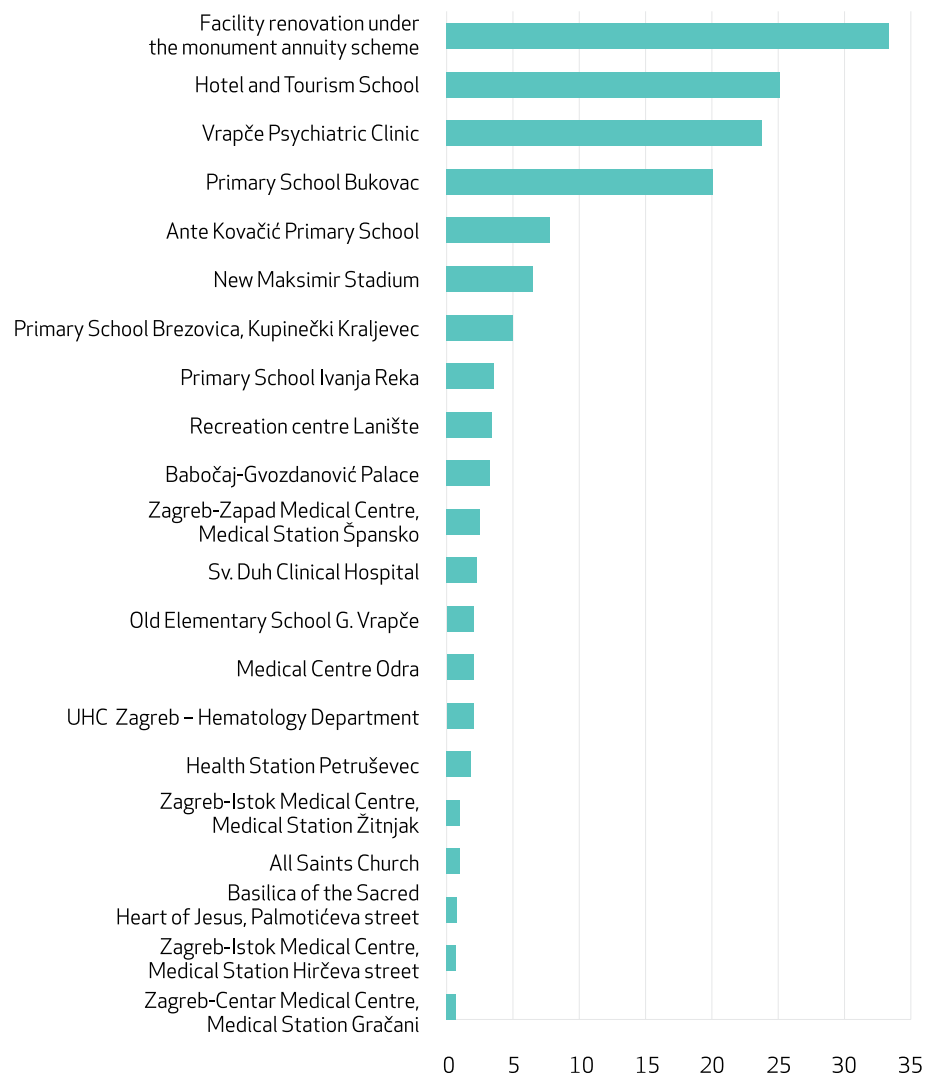
Another **HRK 361.8m** is planned for **capital investments in social service facilities** (graph 8). Relative to the 2019 budget plan, the largest increases have been made in capital investments in preschool education (HRK 70.2m), health care (HRK 23.3m) and culture (HRK 19.8m), while the sharpest decrease occurred in capital investments in school education (down HRK 101m).

*Compared with the 2020 budget proposal, total investments in social service facilities went up by HRK 45.4m (14.3%), specifically in investments in education (up HRK 32.8m), sports facilities (up HRK 9.9m), health care (HRK 2m) and protected cultural monuments (HRK 750 thousand).*



**Graph 8: Capital investments in social service facilities, 2020**

Graph 9 shows some of the key investments in social service facilities. Depending on individual projects, they cover 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. The most substantial capital investments are planned in the renovation of facilities under the monument annuity scheme, i.e. investments in the renovation of protected cultural assets owned by the City. Such investments are obligatory for the City pursuant to the [Act on the Protection and Preservation of Cultural Assets](#) and [Rules on the Use of Monument Annuity Funds](#), and are realized in accordance with annual [monument annuity programmes](#).



**Graph 9: Some of the key capital investments in social service facilities, 2020 (in million HRK)**

## HOW CAN CITIZENS PARTICIPATE IN THE BUDGET PROCESS?

The City Assembly, in its capacity as the representative body of citizens, adopted the City of Zagreb 2020 Budget, with expenditures and outlays as large as HRK 12.5bn. During 2020, every employed person is expected to pay an average monthly amount of HRK 1,044 in personal income tax and sur-tax into the budget. The average monthly per capita amount spent will be HRK 1,292. It is very important how these funds will be collected and spent, and that is the concern of us all. With the help of this brief guide and the [Guide to the City of Zagreb Budget](#), citizens can analyse budget execution (e.g. during the discussion and adoption of mid-year and year-end reports on budget execution, or at the time of adopting a 2020 budget revision, or proposing a 2021 budget). They can also compare the City budget outturns with those of other cities and municipalities. This would give them a better insight into the overall situation in the City and the country as a whole, and perhaps encourage them to suggest some better solutions!



## 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 Finance](#) – Contacts, competence and activities

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

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

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

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

[Zagreb Holding](#) – Organisation, services, topical issues and contact

[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

[Budget Act](#)

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

## **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](#)