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**LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME**


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Reģ.nr. 90010248231, Smiļšu ielā 1-512, Rīgā, LV-1919

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**Council meeting minutes No 1**

Riga

15 January 2015

**Chairman:**

Chairman of Fiscal Discipline Council – J. Platais

**Participants of the meeting:**

Deputy Chairman of Fiscal Discipline Council	I. Eriņš
Member of Fiscal Discipline Council	I. Feiferis
Member of Fiscal Discipline Council	M. Hansen
Member of Fiscal Discipline Council	M. Kazāks
Member of Fiscal Discipline Council (participating in teleconference mode)	Ū. Kaasik

**Taking minutes:**

Secretary of Fiscal Discipline Council

D. Kalsone

Meeting starts at 15:00

**J. Platais opens the meeting**

Fiscal Discipline Council (further – Council) chairman J. Platais opens the meeting and announces the agenda.

**1 Approval of the minutes of the previous meeting.**


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**Reporter:** J. Platais

**Decision:**

1.1 Approve 15-16 December 2014 Council meeting minutes.

J. Platais votes for;  
 I. Eriņš votes for;  
 I. Feiferis votes for;  
 M. Hansen votes for;  
 M. Kazāks votes for;  
 Ū. Kaasik votes for.

**2 Fiscal discipline monitoring**


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**Reporter:** J. Platais

### *2.1 Memorandum of Understanding with the Ministry of Finance*

J. Platais reports on the meeting of 7 January 2015 with the Ministry of Finance Fiscal Policy Department director Mr Nils Sakss, on the meeting of 12 January 2015 with the Ministry of Finance Economic Analysis Department director Mrs Inta Vasaraudze and Deputy Secretary of State Tax Policy Mr Ilmārs Šņucins, resulting in the first draft of the Memorandum of Understanding (Annex), which includes both the main cooperation list of activities, as well as the data list necessary from the Ministry of Finance. An important issue is the Ministry of Finance macroeconomic forecasts approval by the Council assessment within tolerance level. J.Platais calls to discuss the agenda item.

M. Kazāks makes the point that this case calls for the Council to assess what should be cooperation with the Ministry of Finance as well as the fact that the macroeconomic projections for continuous monitoring is needed for independent work by the Council macroeconomic expert.

J. Platais makes the point that for the implementation of the Fiscal Discipline law requirements, it is necessary to have also the independent fiscal risks expert and research assistant, who also assist with administrative work.

I. Eriņš asks what in this case means "to endorse the macroeconomic forecasts".

J. Platais replies that it means certain macroeconomic indicators mentioned in the Memorandum of Understanding Annex and that the Council provides on these indicators tolerance assessment. According to discussions with the Ministry of Finance is expected that the Council would be one of the institutions involved in the consultations with the Ministry of Finance. The Council would receive the output gap presentation in the Council GDP working group meeting.

Ü. Kaasik makes the point the Estonian Fiscal Council endorses the Ministry of Finance macroeconomic forecasts.

#### **Decision:**

2.1.1 Ask the Secretary to start the coordination procedure with the Ministry of Finance on the Memorandum of Understanding.

2.1.2 Ask the Council members to examine the indicators mentioned in the Annex of the Memorandum of Understanding and to submit updates.

2.1.3 Council approves the necessity to submit new policy initiatives to strengthen the capacity and due to the policy changes (additional analysts and research assistant).

J. Platais votes for;

I. Eriņš votes for;

I.Feiferis votes for;

M.Hansen votes for;

M.Kazāks votes for;

Ü. Kaasik votes for.

### *2.2 Reply from the Ministry of Finance on the Council's Report recommendations*

J. Platais reports that they have received a formal response from the Ministry on the monitoring report's 18 recommendations. J. Platais calls to discuss in the presentation (Annex) contra questions to the Ministry of Finance.

M. Kazāks makes the point that it would be important to ask the Ministry of Finance to discuss the tax policy strategy plans, as it is one of the most critical recommendations.

I. Eriņš makes the point that it would be necessary to provide an accurate Council comment and feedback on each of the Ministry of Finance replies.

**Decision:**

2.2.1 Ask the Council members to consider the commentaries of the presentation and to clarify the opinion of the Council, if necessary.

2.2.2 Ask the Secretary to prepare a response letter to the Ministry of Finance.

J. Platais votes for;

I. Eriņš votes for;

I. Feiferis votes for;

M. Hansen votes for;

M. Kazāks votes for;

Ū. Kaasik votes for.

*2.3 Brainstorm on Latvian fiscal policy issues*

J. Platais reports that are significantly increased the risks at the budget balance objectives for 2014-2015 taking into account the difficulties in the economic environment, particularly in the decreasing pace of inflation. Budget deficit in excess of 0.5 percent of GDP will be accumulated over three years starting in 2014 and will come into force according to the FDL Article 11.

I. Eriņš makes the point that it would be important to open negotiations with the Minister of Finance J. Reirs and Saeima Budget and Finance (Taxation) Committee Chairman K. Šadurskis to explain the situation and bring Council's the recommendations forward.

M. Kazāks makes the point that it is important to ensure the requirements of two-pack regulation fulfilled, while respecting also Latvian as the eurozone member rights and obligations.

**Decision:**

2.3.1 Organise the discussion with the Finance Minister J. Reirs and Saeima Budget and Finance (Taxation) Committee Chairman K. Šadurskis.

J. Platais votes for;

I. Eriņš votes for;

I. Feiferis votes for;

M. Hansen votes for;

M. Kazāks votes for;

Ū. Kaasik votes for.

*2.4 Budget and stability program time lines*

J. Platais reports on information received from the Ministry of Finance (Annex).

M. Kazāks makes the point that the Council should provide comments to this information twice a year, i.e. both the regular monitoring report of fiscal discipline, as well as views on the Stability Programme.

**Decision:**

2.4.1 Ask the Council Secretary ask the Ministry of Finance on the approved timetable for the preparation of the stability program and immediately inform the Council.

J. Platais votes for;  
 I. Eriņš votes for;  
 I. Feiferis votes for;  
 M. Hansen votes for;  
 M. Kazāks votes for;  
 Ū. Kaasik votes for.

### **3 Technical provision activities**

**Reporters:** J. Platais, D. Kalsone

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#### *3.1 Council meetings calendar for 2015.*

J. Platais reports on the meetings of the Council and of the Council working group meetings calendar.

D. Kalsone reports that all meetings are scheduled at 15:00.

I. Feiferis proposes to add the main discussion issue to each of the scheduled meetings.

#### **Decision:**

3.1.1 Council approves the meetings calendar for 2015.

3.1.2 Ask the Secretary to complement scheduled meetings with the main theme and after the received comments according to 3.1.3 to publish a calendar at the Council's website.

3.1.3 Ask the Council members to clarify, if necessary, until 22 January 2015 proposed timetable.

J. Platais votes for;  
 I. Eriņš votes for;  
 I. Feiferis votes for;  
 M. Hansen votes for;  
 M. Kazāks votes for;  
 Ū. Kaasik votes for.

#### *3.2 Procurement plan for 2015*

D. Kalsone reports that the procurement committee will work in such principles as it was done in 2014, while the procurement organisation will use two assessment rounds, i.e. 1) assessment of the competence and 2) only after the assessment of competence, financial deals will be opened.

J. Platais reports that it is important again to make sure that whatever the result is necessary for the Council.

M. Kazāks reports that are already known to those indicators on which the Council would like to receive the evaluation model of explanation.

#### **Decision:**

3.2.1 Council approves the procurement plan for 2015.

3.2.2 Ask the Council members to submit to the Secretary the macroeconomic indicators and tax revenue performance assessment models which are appropriate evaluation models, as well as the desired content of the explanation.

J. Platais votes for;  
 I. Eriņš votes for;  
 I. Feiferis votes for;

M.Hansen votes for;  
 M.Kazāks votes for;  
 Ū. Kaasik votes for.

### *3.3 Business trip plan for 2015*

J. Platais reports on the business trip plan for 2015 (Annex), of which there is also designed for out of office Council meeting to have the opportunity to learn the comparative information for better organisation of work of the Council. In the case of this year, 10 February EU fiscal economists seminar is also planned and J.Platais recommends to delegate the Secretary D.Kalsone.

#### **Decision:**

3.3.1 Council approves business trip plan for 2015.

3.3.2 Nominate the Secretary D.Kalsone to the work to the European Commission organised seminar of EU fiscal economists that will be held on 10 February 2015.

J. Platais votes for;  
 I. Eriņš votes for;  
 I.Feiferis votes for;  
 M.Hansen votes for;  
 M.Kazāks votes for;  
 Ū. Kaasik votes for.

### *3.4 Council information uploads*

D. Kalsone reports that it is proposed to upload all Council's working documents, including internal legislation at the MS Office 365 website.

#### **Decision:**

3.4.1 Council supports to upload all Council's working documents, including internal legislation at the MS Office 365 website.

J. Platais votes for;  
 I. Eriņš votes for;  
 I.Feiferis votes for;  
 M.Hansen votes for;  
 M.Kazāks votes for;  
 Ū. Kaasik votes for.

### *3.5 Council 2014 budget execution*

#### **Decision:**

3.5.1 Council takes the note on the information on the Council 2014 budget execution.

J. Platais votes for;  
 I. Eriņš votes for;  
 I.Feiferis votes for;  
 M.Hansen votes for;  
 M.Kazāks votes for;  
 Ū. Kaasik votes for.

### *3.6. Council annual report draft*

**Decision:**

3.6.1 Council takes the note on the Council annual report draft.

J. Platais votes for;  
I. Eriņš votes for;  
I. Feiferis votes for;  
M. Hansen votes for;  
M. Kazāks votes for;  
Ū. Kaasik votes for.

The meeting was adjourned at 17:00.

Council Chairman

J. Platais

Council Secretary

D. Kalsone

15.01.2015. 17:09

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D. Kalsone

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