



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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RĪGĀ

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Uz _____ Nr. _____

Chairwoman of the Saeima's Presidium
Ināra Mūrniece
saeima@saeima.lv

Dear Madam Mūrniece,

Regarding the amendments to the Law on Budget and finance management

According to Part 7, Section 28 of the Fiscal discipline law (hereafter – FDL), the Fiscal discipline council (hereafter – Council) shall prepare and submit to the Saeima and the Cabinet's attention its opinion on fiscal policy matters if the Council finds them important for compliance with the terms stipulated in the Fiscal discipline law.

On 6 December 2018, the Saeima adopted amendments¹ to the Law on Budget and Financial Management, inter alia also supporting the proposal for funding for one particular sector 8 313 222 euro², thus exceeding maximum permissible state budget expenditures for 2019 stipulated by the Medium-term budgetary framework law 2018, 2019 and 2020.

The medium-term budgetary framework envisages the budgetary resources and their use in accordance with national priorities, taking into account the requirements for ensuring stable economic development and international obligations.

The Council draws attention to the fact that the FDL imposes restrictions on the Cabinet of Ministers to submit to the Saeima a draft law or to adopt a decision which increases the budget expenditure or reduces revenue in violation of the maximum permitted

¹ Available in Latvian at Saeima website here:

[http://titania.saeima.lv/LIVS13/saeimalivs13.nsf/0/731f525accfec034c225835a00417ff0/\\$FILE/Lp54_2.s.pdf](http://titania.saeima.lv/LIVS13/saeimalivs13.nsf/0/731f525accfec034c225835a00417ff0/$FILE/Lp54_2.s.pdf), accessed on 06.12.2018

² Member of the Parliament V. Dombrovskis (Saskaņa) proposal to supplement the draft law with a new article in the following edition: "To supplement the transitional provisions with item 81 in the following edition:" 81. The Minister of Finance is going to allocate 8 313 222 euro for the wage increase of the emergency medical staff in 2019 by approving the state budget expenditures to ensure the state activities."

amount of state budget expenditure set by the law on the medium-term budgetary framework. Similarly, the Satversme stipulates that in cases when the Saeima makes a decision related to expenditures not included in the budget, the decision must also provide for funds to cover these expenditures. The Council notes that the decision of the Saeima was passed without indicating revenue measures that would cover extra expenditure to the state budget. The decision of the Saeima is taken without regard to compliance with the requirements of the Stability and Growth Pact of the European Union demanding compliance with the deficit and debt ceilings. These requirements exist irrespective of whether the specific reference level of maximum budget expenditure has been updated with the annual state budget.

In order to avoid derogations from the medium-term budgetary framework, the commitments stemming from the European Union's Stability and Growth Pact and to ensure responsible and prudent handling of public finances, the Council calls for a review of the above-mentioned decision on the allocation of additional expenditures and the issue to be dealt in accordance with the law.

Kind regards,

Council Chairman

Jānis Platais