



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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RĪGĀ

14.12.2018. _____ Nr. 1-08/1547 _____

Uz _____ Nr. _____

Prime Minister
Republic of Latvia
Māris Kučinskis
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Chairman of the Budget and Finance (Tax) Committee
Saeima of the Republic of Latvia
Mārtiņš Bondars
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Minister of Finance
Republic of Latvia
Dana Reizniece-Ozola
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Dear Mister Kučinskis,
Dear Mister Bondars,
Dear Madam Reizniece-Ozola,

Regarding the amendments to the Law on Health care financing

According to Part 7, Section 28 of the Fiscal discipline law, 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 13 December 2018, the Saeima adopted amendments¹ to the Law on Health care financing, thus supporting the proposal for funding health care sector remuneration raise for 20% as of 1 January 2019 with a fiscal impact of 87 483 708 euro in 2019, 191 227 820 euro in 2020 and 314 599 953 euro in 2021.

¹ Available in Latvian at Saeima website here:
[http://titania.saeima.lv/LIVS13/saeimalivs13.nsf/0/16f8a5033f27c780c225835f004ca84e/\\$FILE/152_Veselibas_aprupes_finans.docx](http://titania.saeima.lv/LIVS13/saeimalivs13.nsf/0/16f8a5033f27c780c225835f004ca84e/$FILE/152_Veselibas_aprupes_finans.docx), accessed on 13.12.2018

The Council notes that this measure does not indicate the sources of financing and there is also not sufficient free fiscal space available. We also find that the regulation of fiscal discipline is not sufficient in the context of the introduction of a temporary budget, endangering the implementation of a balanced macroeconomic policy and the country's ability to fulfil its commitments in the European Union.

In this situation, the Council expresses its concern that the decision to grant additional funding without compensatory measures also sends a clear signal that significant fiscal consolidation will be required in the coming months, when the new Government will prepare the new budget for 2019 and the budget framework for 2019-2021.

Kind regards,

Council Chairman

Jānis Platais