



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

Reģ.nr. 90010248231; Smilšu ielā 1-512, Rīgā, LV-1919  
tālrunis: (+371) 6708 3650; e-pasts: info@fdp.gov.lv; mājaslapa: http://fdp.gov.lv

RĪGĀ

19.12.2018. Nr. 1-08/1566

Uz \_\_\_\_\_ Nr. \_\_\_\_\_

**Prime Minister**  
**Republic of Latvia**  
**Māris Kučinskis**  
vk@mk.gov.lv

**Chairman of the Budget and Finance (Tax) Committee**  
**Saeima of the Republic of Latvia**  
**Mārtiņš Bondars**  
budzeta.komisija@saeima.lv

**Minister of Finance**  
**Republic of Latvia**  
**Dana Reizniece-Ozola**  
pasts@fm.gov.lv

Dear Mister Kučinskis,  
Dear Mister Bondars,  
Dear Madam Reizniece-Ozola,

*Non-conformity from exceeding expenditure ceilings established in the medium-term budget framework*

According to Part 1, Section 28 of the Fiscal Discipline Law, the Fiscal Discipline Council (hereafter – Council) shall monitor whether the medium term budget framework law and the annual state budget law are prepared and implemented in compliance with the fiscal rules stipulated in the Fiscal Discipline Law.

According to Article 29 Part 2 the Council shall prepare a non-conformity report, including recommendations for the rectification of non-conformities if the Council detects infringements of the Fiscal Discipline Law. The non-conformity report shall be prepared as soon as the non-conformity has been detected, submitted to the Cabinet and Saeima, and published on the website of the Council and of the Ministry of Finance.

During the Cabinet meeting that took place on 18 December 2018 the Cabinet adopted measures increasing remuneration for health care staff resulting into expenditure

increase in the amount of 87.5 million euro each year in 2019, 2020, and 2021, as well as in the following years.

Article 9 of FDL requires that the Cabinet with the measures leading to the increase in expenditure that exceeds the state budget expenditure ceiling established in the Medium Term Budget Framework Law should simultaneously adopt measures that increase revenue or reduce other expenditure or submit relevant legislative proposals to the Saeima leading to increase in revenue or reduction in expenditure.

According to the MoF current assessment the fiscal space is negative for 2019 in the amount of 28.9 million euro and for 2020 – 23.3 million euro. The fiscal space assessment for 2021 is positive, in the amount of 59.0 million euro.

The MoF has added a list of measures enabling compensation for additional expenditures in the amount of 142.6 million euro in 2019, 112.8 million euro in 2020 and 78.3 million euro in 2021. Meanwhile, the measures are still to be enacted by decision of the Cabinet or initiation of a legislative measure in the Saeima thus not meeting the requirements of FDL.

	2019	2020	2021
Fiscal space before 18.12.2018 decision	-28.9	-23.2	59.0
Remuneration increase of 20% for the health care staff	-87.5	-87.5	-87.5
<i>Fiscal space after 18.12.2018 decision</i>	<i>-116.4</i>	<i>-110.7</i>	<i>-28.5</i>

*Table 1. Fiscal impact of the 18.12.2018. decision, in million euro. Council calculations.*

In order to rectify the non-conformity created on 18 December 2018 the Council recommends the following:

The Cabinet should prepare and adopt legislative acts that would fully compensate the decision to increase the remuneration in the health care in the amount of 87.5 million euro in 2019 and 2020, and 28.5 million euro in 2021, as well as to compensate negative fiscal space for 2019 and 2020 respectively in the amount of 28.9 million euro and 23.3 million euro.

Kind regards,

Chairman of the Council

Jānis Platais

*Kalsone*  
*dace.kalsone@fdp.gov.lv*  
*67083650*