



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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RĪGĀ

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**Minister of Finance
Republic of Latvia
Dana Reizniece-Ozola**

About the Ministry of Finance reply on Non-conformity from exceeding expenditure ceilings established in the medium-term budget framework

Dear Madam Reizniece-Ozola,

The Fiscal discipline council (hereafter – Council) has reviewed the Ministry of Finance's reply to the non-conformity report submitted on 19 December 2018.

The Council is grateful for the answer, but at the same highlights that the Ministry of Finance in its reply correctly named the compensatory measures only as indicative that do not meet the requirements of the Fiscal discipline law (hereinafter – FDL) Article 9 Paragraph 2, which obliges the Cabinet of Ministers at the same time with the decisions that (i) are not related to the cases referred to the Article 5, Paragraph 1 of the FDL, and (ii) if there is no fiscal space available in the relevant year of the Framework law, should decide on compensatory measures.

Thus the reply from the Ministry of Finance does not cover confirmation about the fulfilment of the FDL requirements and the non-conformity report provided by the Council on 19 December 2018 keeps its recommendation that the Cabinet of Ministers 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,

Council secretary

D. Kalsone