



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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Council meeting minutes Nr 9 (61)

Riga

20 December 2022

Chairwoman:

Chairwoman of Fiscal Discipline Council – I.Šteinbuka

Participants of the meeting:

Vice-Chairman of the Fiscal Discipline Council	M.Hansen
Member of the Fiscal Discipline Council	M.Āboliņš
Member of the Fiscal Discipline Council	A.Jakobsons
Member of the Fiscal Discipline Council	U.Kaasik
Member of the Fiscal Discipline Council	I.Golsts
<i>Secretariat –</i>	
Fiscal Discipline Council secretary	N. Malnačs
Fiscal Discipline Council macroeconomics expert	V.Zaremba
Fiscal Discipline Council lawyer	I.Jansone

Taking minutes:

Fiscal Discipline Council lawyer

I.Jansone

The meeting starts on December 20, 2022, at 11:30.

I.Šteinbuka opens the meeting

Fiscal Discipline Council (Council) chairwoman I.Šteinbuka opens the meeting and announces the agenda (annexed).

1. Elections of the Chairman and Deputy Chairman of the Fiscal Discipline Council

Report: M. Hansen, I.Šteinbuka

1.1. Elections of the Chairman of the Fiscal Discipline Council.

M. Hansen reports that since October 11, 2018, Inna Šteinbuka has been a member of the Council, but from January 1, 2020 to December 31, 2022, Inna Šteinbuka has been elected as the chairman of the Council. Considering, that the term of Inna Šteinbuka, as the Chairperson of the Council, expires on December 31, 2022, the Council members must elect the Chairperson from among themselves, by open voting, with a simple majority of votes. Based on the above, I recommend Inna Šteinbuka as the chairwoman of the Council until the end of her term as a member of the Council.

Council discussion on the nominated candidacy.

Decided:

1.1.1. To elect Inna Šteinbuka as the chairwoman of the Council until October 10, 2024.

I.Šteinbuka abstains;
 M.Hansen votes for;
 I.Golsts votes for;
 A.Jakobsons votes for;
 M.Aboliņš votes for;
 U.Kaasik votes for.

1.2. Elections of the deputy chairman of the Fiscal Discipline Council.

Inna Šteinbuka expresses her gratitude to those present for the trust and re-electing her as the Chairwoman of the Council and reminds that in addition to the election of the Chair, a Deputy Chairman must also be elected. Morten Hansen, who is currently the Deputy Chairman of the Council, expires on December 31, 2022, as a member of the Council, consequently, Morten Hansen, after two terms as a member of the Fiscal Discipline Council is terminating his work in the Council. Therefore, the members of the Council must elect the deputy chairman of the Council from among themselves, by open voting, with a simple majority of votes. Based on the above, in the period from January 1, 2023, to December 31, 2025, I recommend electing Mārtiņš Āboliņš as the Deputy Chairman of the Council.

Decided:

1.2.1. To elect Mārtiņš Āboliņš as the Deputy Chairperson of the Council.

I.Šteinbuka votes for;
 M.Hansen votes for;
 I.Golsts votes for;
 A.Jakobsons votes for;
 M.Aboliņš votes for;
 U.Kaasik votes for.

2. Verification of compliance of the Article 11 of the FDL (correction mechanism)

Report: V.Zaremba

V. Zaremba reports that the MoF has submitted calculations on the difference between the actual structural balance of general government budget (GGB) and the minimum planned structural balance of the GGB. V. Zaremba presents the draft of Council opinion and the main conclusions on the compliance of Article 11 of the FDL. V. Zaremba informs that the difference between the actual structural balance of the GGB and the minimum planned structural balance of the GGB in 2021 was 320.5 million euros, but the accumulated amount of balance deviations for all years starting from 2013 is 17.6 million euros, or 0.1% of GDP.

Given the accumulated amount of balance deviations in 2021 in % of GDP exceeds the amount stipulated by the FDL (-0.5), the corrective mechanism is not applicable.

Council discussion on the evaluation of the implementation of Article 11 of the FDL.

Decided:

2.1. Submit the opinion on the compliance of the Article 11 of the FDL to the Ministry of Finance and publish it on the Council's website.

I.Šteinbuka votes for;
M.Hansen votes for;
I.Golsts votes for;
A.Jakobsons votes for;
M.Aboliņš votes for;
U.Kaasik votes for.

3. On the interim report on fiscal sustainability

Report: V.Zaremba

V. Zaremba has submitted the draft interim report to the Council for further comments. Reports that the goal of the fiscal sustainability study is to assess impact of healthcare, social protection and Green Deal spending on the trajectory of general government debt. It was concluded that without changing the assumptions about the amount of budget revenues, the long-term debt development scenarios show that fiscal sustainability is at risk.

Discussion on the development of the study and the set of assumptions.

N. Malnačs informs, that the Secretariat submitted TSI application h to the EK for technical assistance to improve the methodology of fiscal sustainability assessment, paying special attention to the fiscal impact of the green course. After improving the methodology, the sustainability report should be renewed annually.

Decided:

3.1. Create a special chapter in the interim sustainability report with calculations - what would be the desired amount of expenses and revenues, which would allow achieving a sustainable debt development trajectory in the long term.

I.Šteinbuka votes for;
M.Hansen votes for;
I.Golsts votes for;
A.Jakobsons votes for;
M.Aboliņš votes for;
U.Kaasik votes for.

4. Work plan of the Fiscal Discipline Council for 2023

Report: N. Malnačs

Before introducing work plan 2023 to the Council, N. Malnačs provides the members of the Council with information about the implementation of the work plan 2022. Council members,

after listening to the information provided by N. Malnačs, find that the tasks planned for 2022 has been completed.

N. Malnačs introduces Council with the work plan for 2023 and underlines the following tasks: execution of regular work - surveillance reports, monitoring reports and opinions of the Council. Proposes additional measures in cooperation with the mass media.

The priority for 2023 is to follow the development of the EU's fiscal regulation. If necessary, the Council will have to participate in the improvement of national fiscal regulation. The EK technical assistance project mentioned above, consider the new EU fiscal framework, also includes the development of a new Council strategy.

Discussion on task priorities in the context of limited resources and staff capacity.

Decided:

4.1. To approve Fiscal discipline council work plan 2023

I.Šteinbuka votes for;
M.Hansen votes for;
I.Golsts votes for;
A.Jakobsons votes for;
M.Aboliņš votes for;
U.Kaasik votes for.

5. Administrative and technical support issues

Report: N. Malnačs

N. Malnačs presents the Council's financing plan for 2023 and its main changes, the procurement plan, the Council's meeting plan and informs the Council about the procedure for paying remuneration in December. Regarding the business trip plan and procurement plan, it is recommended to specify it as needed.

Decided:

- 5.1. To instruct the Secretary of the Council to clarify the business trip plan and the Procurement plan for 2023 as necessary.
- 5.2. To take note and approve the plan of Council meetings.
- 5.3. To take note of information about the Council's financing plan for 2023.
- 5.4. To pay the December 2022 rewards by the end of the 2022 financial year.

I.Šteinbuka votes for;
M.Hansen votes for;
I.Golsts votes for;
A.Jakobsons votes for;
M.Aboliņš votes for;
U.Kaasik votes for.

6. Other issues

Discussion on the consequences and lessons in the economy of the passing year.

The meeting was closed on December 20, 2022, at 13:30.

Council Chairwoman

I.Šteinbuka

Meeting Secretary

I.Jansone

Council secretary:

N.Malnačs

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