

Long-term sustainability indicator

It expresses by how much the budget balance must be improved on a permanent basis (by reducing public expenditures or increasing tax revenues) for gross public debt in the next 50 years not to exceed 50 % of GDP, that is the upper limit set by the constitutional act. The government should strive to bring the value of the indicator to or below zero.

1.65 % of GDP

is the value of the indicator in 2018

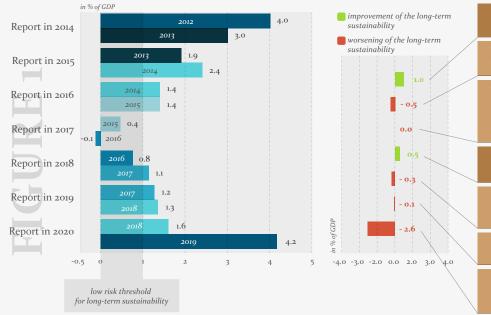
Change

4.21 % of GDP

is the value of the indicator in 2019

Long-term sustainability has deteriorated compared with the past year

Long-term sustainability indicator



Most significant impacts on long-term sustainability

Improved budget balance, reform of pension scheme for the uniformed corps
Worsened balance in 2014, partially offset by changes in tax legislation in 2015
Worsened balance in 2015, introduction of minimum pensions, compensated by lower debt and more favourable impact of macroeconomic development on the medium-term scenario
Improved budget balance partly offset by less favourable decline in budget over the medium-term horizon
Not sufficient improvement of budget balance in 2017, introduction of temporary minimum amount of pension indexation
Worsening of structural balance partly offset by favourable deficit reduction over the medium-term
Introduction of retirement age cap, increase of the minimum pensions level, less favourable development in the medium term horizon

The long-term sustainability is mainly worsened by pensions, balance in 2019 and healthcare

Long-term sustainability indicator = 4.21% GDP

in % of GDP Source: CBR worsening the long-term the long-term sustainability sustainability -0.07 Others Medium term outlook -0.04 Property income 0.11 0.16 Education Expenditures on 0.37 lona-term care Healthcare 0.64 Balance in 2019* 0.90 Pensions 2.14

Note: *Impact of the starting fiscal position, i.e. structural primary balance in the given year

0.4

0.8

1.2

Contributions to change in long-term sustainability indicator between 2018-2019

Total change in the long-term sustainability indicator=2.56 % GDP

in % of GDP Source: CBR 1.6 1.26 12 08 0.68 0.46 0.4 0.13 0.03 0.0 Shift of projections by one year medium-term outlook of the balance in the pension balance in 2019 Worse Deterioration pension system impacts Deterioration -0.4 of the Other 1 -0.6 outcome 📕 medium-term impact 🛛 📕 long-term impact

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-0.4

0.0

-0.8

2.0

2.4

1.6