

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

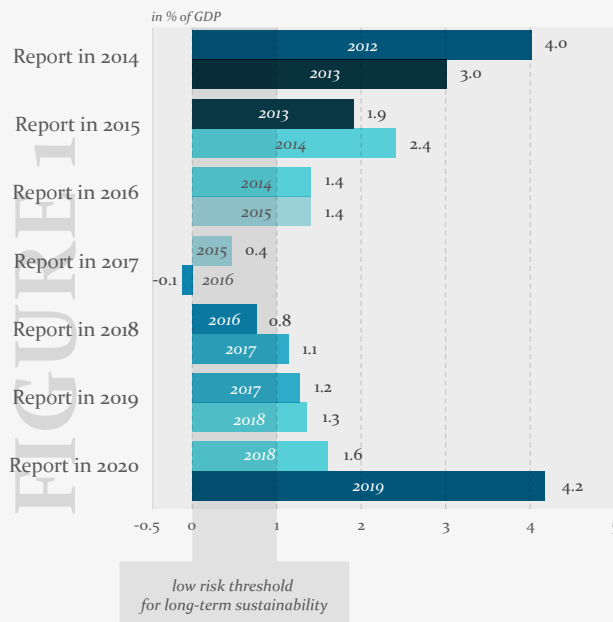
is the value of the indicator in 2018

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



Change



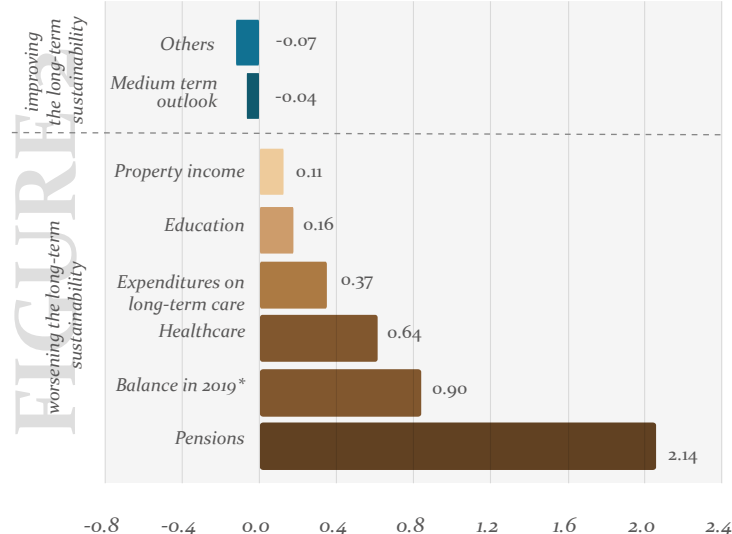
Most significant impacts on long-term sustainability

- 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



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

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

