

PRELIMINARY ENDORSEMENT OF THE FISCAL COUNCIL

for putting the text of the Bill No. T/7858 on the Amendment of Act CLXXXVIII of 2011 on the 2012 Central Budget of Hungary, corrected by Amendment No. T/7858/9, for final voting

I.

Antecedents, Legal Basis and Publicity of the Preparation of the Endorsement

By its resolution No. 5/2012. 06. 28. the Fiscal Council gave its opinion on the draft amendment (T/7858.) of Act CLXXXVIII of 2011 on the 2012 central budget of Hungary.

In respect of the authenticity and being fit for execution of the said draft, the Fiscal Council's opinion does not have significant objections that would warrant the indication of fundamental disagreement concerning the consigned document. At the same time, the Council calls the attention to the risks of the possibility of significantly more unfavourable trends of the 2012 macroeconomic processes than those, outlined by the governmental forecast attached to the 2012 budget bill. Apart from this the Council emphasises that although, from the aspect of cash turnover balance, the planned modifications are neutral they'd contribute to the increase of ESA approach deficit. Thus, in case of adopting the amendment of the bill, the risk of overshooting the ESA approach deficit target undertaken by the government for 2012 shall significantly grow.

From among the submitted motions to amend the bill, there was one that affected the gross sum on both the revenues' and expenditures' sides. The Speaker of the National Assembly sent the amendment motion to the Chairman of the Fiscal Council as an attachment to his letter of OE/408/2012.

The Council formulated and published its resolution as follows.

II.

The Resolution of the Fiscal Council

At its meeting on 10 July 2012 the Council unanimously adopted the following resolution:

1. In respect of the accuracy and being appropriate for execution of the bill on the amendment of Act CLXXXVIII of 2011 on the 2012 central budget of Hungary submitted under No. T/7858 and corrected by the amendment T/7858/9, the Fiscal

submitted under No. T/7858 and corrected by the amendment T/7858/9, the Fiscal Council has established that the Council had no essential objections that would justify registering fundamental non-concurrence concerning the submitted document.

2. Regarding the materialization of the debt rule, the Council has established that the amendments had not affected substantially the government debt expected by the end of 2012. Forasmuch, based on paragraph 26 (1) of Act CXCV of 2011 on the Economic Stability of Hungary, the Fiscal Council has given its prior consent to submit for final voting the text of the corrected amendment no. T/7858/9 of the bill T/7858 on the amendment of Act CLXXXVIII of 2011 on the 2012 Central Budget of Hungary, that had been adopted by the National Assembly.
3. The Fiscal Council has authorised the Chairman of the Council to inform in writing the Speaker of the National Assembly on the Council's opinion with no delay.

III.

The Justification of the Council's Decision

Among the motions of amendments related to amendment no. T/7858 of Act CLXXXVIII of 2011 on the 2012 Central Budget of Hungary, there was one – no. T/7858/9 – that concerned the gross sums of the expenditures' and revenues' sides. The amendment motion has decreased the gross sums by HUF 3 – 3 billion each, leaving the balance unchanged. Thus, the deficit amount has not changed. Consequently, the amendment has not concerned the trend of government debt.

Budapest, 10 July 2012

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Simor András
Member of the Fiscal Council

Dr. Kovács Árpád
Chairman of the Fiscal Council