

FISCAL COUNCIL OPINION

On the Draft Bill Amending Act CCIV of 2012 on the 2013 Central Budget of Hungary

I

Antecedents, legal basis and publicity of the preparation of the opinion

The Fiscal Council (henceforth: The Council) received the draft amending the Act on the 2013 Central Budget, on 1st March 2013, as an attachment of the letter no. NGM/5378/5/2013 signed by State Secretary of the Ministry of National Economy, Dr. György Naszvadi.

In harmony with Indent (2), Article 44 of the Fundamental Law of Hungary and according to Paragraphs 23 and 24 of Act CXCIV of 2011 on the Economic Stability of Hungary, the Council shall give an opinion on the draft of the central budget bill, on amendments changing the revenues and/or expenditures sides of the central budget, or the amendments increasing the measure of the budgetary deficit included. In its opinion the Council shall make observations regarding the draft bill. Additionally – in case it has fundamental objections regarding the draft bill, respectively its authenticity or enforceability – the Council shall indicate its non-concurrence.

Hereunder the Council summarises and discloses its opinion.

The draft bill proposes the raising of expenditures and changes resulting in raising revenues, in case of the following items of the 2013 central budget:

- as to the redeeming of the debt elements of local governments having a population surpassing 5 thousand, the state partially plans to offer a one-time, non-refundable (redemption targeted) budgetary support for the purpose of paying back a portion of the debt consisting of elements worth of less than HUF 250 million, that can be taken over. This amount totals HUF 20 billion and represents the amount by what the debt of local governments shall lessen (Paragraph 13, appendix 1).

- With the purpose of sorting out debts taken over from healthcare providing associations that shall discontinue their operation, the government earmarked HUF 9, 5 billion. This amount was part of the debt of other organisations that had been calculated with in the governmental sector and considered in the budget bill (Paragraph 13, appendix 1).
- On the basis of the agreement between the Competitive Sector and the Standing Consultation Forum of the Government, the government plans to offer budgetary support to the employers, amounting to HUF 10 billion, for the purpose of covering the payments of incurring salaries and contributions related to the guaranteed increase of the obligatory minimum salaries (Paragraph 13, appendix 1).
- The fact that they are calculating with a saving amounting to HUF 10 billion in respect of the wage compensation of the public sector, offers an opportunity to increase expenditures (Paragraph 13, appendix 1).

II

The Opinion of the Council

At its meeting held on 5th March 2013 the Council adjudicated the following, unanimous opinion:

1. As regards the authenticity and implementability of the amendment of the revenues' and expenditures' appropriations of the budget, the Council has no such fundamental objections that would justify non-concurrence, concerning the submitted amendment to the Council for an opinion
2. The budgetary re-arrangements direct the attention to the tautness of the budgetary management and the necessity of the strict budgetary discipline that should be sustained also in the future.
3. When formulating its opinion, the Council did not consider it reasonable to analyse the additional – mainly procedural and technical – aspects of the amendment of the bill, respectively examining it from the aspect of coherence.

III

Justification

The planned changes in the concerned amount are further increasing the deficit of the central budget however, by and large, in the whole of the governmental sector these changes will result in a growth of equal measure. This growth will be used for the payments of the debt elements considered when calculating the public debt. Thus the changes, according to the amendment of the bill, are neutral from the aspect of the public debt.

The frequent amending of the budget bill do worsen the predictability of budgetary management however, the recommendations expressed in the amendment of the discussed bill, will result in the clarification of the procedural rules and will assist the implementation of the budgetary political goals.

In the interest of observing the debt rule and the deficit target it is justified to direct the attention to the importance of strict budgetary management also in the future.

Budapest, 5th March 2013

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