

## **PRELIMINARY APPROVAL OF THE FISCAL COUNCIL**

**for the submission of the text of bill T/12100 on the amendment of Act CCIV of 2012 on the 2013 central budget of Hungary corrected by the proposed amendments**

### **I**

#### **Antecedents, legal basis and publicity of the preparation of the Opinion**

In harmony with the stipulations of Indent (2), Article 44 of the Basic Law of Hungary and on the basis of Paragraphs 23 and 24 of Act CXCIV of 2011 on the Economic Stability of Hungary, the Fiscal Council (hereinafter: the Council) formulated its opinion on the draft bill T/12100 on the amendment of Act CCIV of 2012 on the 2013 Central Budget of Hungary.

As regards to the authenticity and feasibility of the draft aiming at the amendment of the respective act, the Council had no fundamental objections that would have justified the indication of fundamental non-concurrence concerning the document submitted with the purpose of requesting an opinion.

The Speaker of the National Assembly submitted the draft bill T/12100 to the Chairman of the Council as an attachment of his letter of 22<sup>nd</sup> September 2013 with the voted through amendments.

The Council summarised and published its decision as follows:

### **I**

At its meeting held on 23<sup>rd</sup> of September 2013 the Council approved the following, uniform resolution:

1. The Council determined that the amendments concerning the total and the balance of the expenditures of the central budget are increasing the extent of public debt. At the same time, in case of executing Act CCIV of 2012 on the 2013 central budget of

Hungary, amended by the examined bill of amendment by disciplined financial management, the proportion of the filtered by the rate of exchange<sup>1</sup> public debt compared to the total of the gross national product (GDP) shall decrease by the end of 2013 when compared to the said proportion at the end of 2012.

2. On the basis of Indent (1) of Paragraph 26 of the Act CXCIV of 2011 on the Economic Stability of Hungary, the Council hereby is granting its preliminary approval for submitting for the final voting the bill T/12100 on the amendment of Act CCIV of 2012 on the 2013 central budget of Hungary, corrected by the proposed amendments that had been voted for by the National Assembly.
3. The Council hereby authorises the Chairman of the Council to inform the Speaker of the National Assembly about its resolution, without delay.

### **III**

#### **Justification of the Council's Decision**

Bill T/12100 on the amendment of Act CCIV of 2012 on the 2013 Central Budget of Hungary suggests changes in the 2013 central budget that would result in the increasing of expenditures and budgetary deficit, in order to thus create budgetary coverage for the execution of certain, mid-year decisions and specific tasks set by the Government and resulting in some changes of the regulations.

The Fiscal Council considers it appropriate to thoroughly review and evaluate the risks set by the Country Protection Fund. This should establish the realistic identification of the appropriate end-of-the-year amount that would serve as a reserve so, that the simultaneous fulfilment of the debt rule stipulated by the Basic Law of Hungary, the amount of deficit stipulated by the Budget Act and the deficit calculated according to the Excess Deficit Procedure (EDP) of the European Union shall be controlled and be optimal from the aspect of the exploitation of the manoeuvring room of the economic policy.

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<sup>1</sup> According to Indent (1), Paragraph 6 of Act CXCIV of 2011, when calculating public debt indicator deals resulting in debt in foreign currency, those shall be considered on constant rate of exchange, in harmony with the stipulations of the Act on the Central Budget.

According to the Opinion of the Fiscal Council published under file number 9/2013.09.23. concerning the draft bill T/12100: “...by the end of 2013 the GDP-proportionate public debt calculated on constant rate of exchange is expected to decrease when compared to the same data of a year earlier, thus the debt rule shall be observed.”

The recommended and agreed to amendments regarding bill T/12100 substantially shall not influence the amount of public debt.

As, according to the above, the public debt rule formulated in Indent (5), Article 36 of the Basic Law of Hungary shall be observed, the Council hereby gives its consent to submit the draft bill for final vote.

Budapest, 23<sup>rd</sup> September 2013

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Member of the Fiscal Council

Dr Matolcsy György  
Member of the Fiscal Council

Dr Kovács Árpád  
Chairman of the Fiscal Council