

PRIOR CONSENT OF THE FISCAL COUNCIL

For submitting the text of Bill T/10332 on the 2012 Amendment of Act CCIV on the 2013 Central Budget of Hungary corrected by Amendment No. T/10332/4 for final voting

I

Antecedents, Legal Basis and Publicity of the Preparation of the Prior Consent

On the basis of Paragraphs 23 and 24 of Act CXCIV of 2011 and in harmony with Indent (2), Paragraph 44 of the Basic Law of Hungary, the Fiscal Council (hereinafter: the Council) by its resolution 1/2013.03.05. delivered its opinion on the Draft amendment (T/10332) of Act CCIV of 2012 on the 2013 Central Budget of Hungary.

As regards the authenticity and implementability of the amendment the Council did not have any essential objections that would have justified fundamental non-concurrence concerning the document submitted for an opinion.

In its opinion the Council emphasised that, from the aspect of public debt, the planned changes were neutral. At the same time, the Council called the attention to the fact that frequent amendments of the Budget Act could result in the worsening of the predictability of budgetary management. Also, the Council drew the attention to the necessity of maintaining strict budgetary management to promote adherence to the deficit target.

Attached to his letter of OE/159/1/2013 the Speaker of the National Assembly forwarded to the Chairman of the Council the motion T/10332/4 amending the total of the expenditures of the Central Budget.

At its meeting the Fiscal Council formulated and published its opinion according to the following:

II

The Resolution of the Council

At its meeting held on 25th March 2013 the Council unanimously adopted the following resolution:

1. The Council found that as regards the authenticity and implementability of the submitted T/10332/4 amendment version of Amendment T/10332 concerning Act CCIV of 2012 on the central budget of Hungary it has no such fundamental objections that would justify the registering of non-concurrence as regards the document.
2. As regards the compliance to the debt rule, the Council found that the amendments do not affect substantially the debt expected by the end of 2013. Having regard to this, considering Indent (1) of Paragraph 26 of the 2011 Act CXCV on the Economic Stability of Hungary the Council hereby gives its prior consent for submitting for final vote the text of the T/10332/4 amendment proposal that corrected the bill T/10332 dealing with the amendment of Act CCIV of 2012 on the 2013 central budget of Hungary submitted earlier and voted for by the National Assembly.
3. The Council hereby authorises the Chairman of the Fiscal Council to inform in writing the Speaker of the National Assembly on its opinion with no delay.

III

Justification of the Council's Decision

Amendment T/10332/4 submitted to the amendment T/10332 concerning Act CCIV on the 2013 central budget of Hungary affects the expenditure total of the central subsystem (therefore also the balance of the subsystem). The motion of amendment increases the support of the debt consolidation of local governments by HUF 10 billion. As a consequence the deficit of the central budget shall increase by the same amount. As parallel with this the deficit of the local governments' subsystem shall decrease – as a result of the increasing revenues – the amount of the public finance deficit shall not change. From the aspect of the public debt rule the amendment is neutral.

Budapest, 25th March 2013

Domokos László
Member of the Fiscal Council

Dr. Matolcsy György
Member of the Fiscal Council

Dr. Kovács Árpád
Chairman of the Fiscal Council

CENTRAL BANK OF HUNGARY

Fiscal Council

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Budapest, 20th March 2013

Re: Prior consent to submitting for final vote the motion of Amendment T/10332/4 on the amendment of the Bill T/10332 of Act CCIV of 2012

Dear Mr Chairman,

I would like to take this opportunity and inform you that **I agree with the draft resolution of the Fiscal Council** regarding the motion to amend the bill T/10332 concerning the amendment of Act CCIV of 2012 on the central budget of Hungary and I have no additional comments concerning the motion.

In harmony with the wording of the draft of the Council we are on the opinion that the motion of the amendment altogether is neutral as regards the balance of the central budget hence, it shall not influence the observance of the debt rule.

Thank you for the invitation to attend the Council's meeting however; due to my other engagements regretfully I won't be able to participate in person in the meeting. Thus I intend to take advantage of the possibility of televoting and hereby I'm sending you my declaration of accepting the draft resolution.

Sincerely,

Dr. Matolcsy György
Governor

CENTRAL BANK OF HUNGARY