Adopted by the Resolution No. 3/2013/05/16
Of the Fiscal Council of Hungary

THE OPINION OF THE FISCAL COUNCIL

On the Draft Amendment of 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 (hereinafter: the Council) received the draft amendment of the 2013 central budget on 15th May 2013, as an attachment of the letter of State Secretary of the Ministry of National Economy, Dr György Naszvady, (file number NGM/12009/2013) in which he had asked for the opinion of the Council.

In harmony with the stipulations of the Fundamental Law of Hungary (Indent (2), Article 44) and Indent (1), Paragraphs 23 and 24 of Act CXCIV of 2011 on the Economic Stability of Hungary, the Fiscal Council shall deliver its opinion on the draft central budget bill – amendments changing the principal amounts of the revenues or the expenditures of the central budget, or those increasing the budget deficit included. In its opinion the Council shall make notes and – in case it has fundamental objections concerning the authenticity or the feasibility thereof – it shall express its non-concurrence.

Hereunder the Council is sums up and publishes its Opinion.

II

At its meeting held on 16th May 2013 the Council univocally formulated the following opinion:

1. With regards to the authenticity and feasibility of the draft, aiming at the amendment of the Act, the Council has no fundamental objections that would justify the indication of fundamental non-concurrence, concerning the submitted document.

2. In the opinion of the Council the planned measures – the blocking of the expenditures of the chapters belonging to the sphere of authority and jurisdiction of the Government, respectively the decisions made with the purpose of improving the balance of the funds included – strengthen the balance of the central budget. At the same time, attention should be called to the possibility that the aforementioned

blockings might be counter-productive in case of budgetary organisations and the concerned funds, regarding their programmability.

3. When forming its opinion the Council did not deem it justified to further analyse the draft bill regarding those items that assisted the law or specified the central budget bill, or their respective affect concerning coherence with the law.

III

Justification

In its resolution Korm. 1259/2013. (V. 13.) the Government decided to block the expenditures of the chapters controlled by the Government. At the same time it called the attention of the minister of national economy to submit an amendment of the central budget bill that should make it possible that, in case of appropriations controlled exclusively by the National Assembly, a reserve worth of HUF 5 billion; in case of the Hungarian Financial Supervisory Authority, a reserve worth of HUF 1, 5 billion should be set aside. The latter amount shall, at the same time, increase the principal amount of the revenue side of the central budget and shall decrease its deficit that shall have a positive effect also on the feasibility of the observance of the public debt rule. The implementation of the blockings, done in the jurisdiction of the Government and of the balance improving measures, could result in the decreasing of the central budget deficit to an even greater degree. Hence, it is justified to evaluate the bill to be presented together with the measures identified in the above Government resolution.

When forming the Council's opinion, no detailed data of the blockings implemented in the jurisdiction of the Government have been available as – in order of gaining the approval of the Minister of National economy, these data (title, sub-title, groups of claim, priority appropriations in detail) shall be reported to the Minister of National Economy only on 17th of May 2013.

All in all, the changes resulting from the draft bill – together with the measures of the Government in its own jurisdiction – shall serve the purpose of meeting the deficit of public finance as planned, for 2013.

16th May 2013

Domokos László
Member of the Fiscal Council

Dr Matolcsy György
Member of the Fiscal Council

Dr Kovács Árpád
Chairman of the Fiscal Council