

PRELIMINARY APPROVAL OF THE FISCAL COUNCIL

for the submission of the text of bill T/12974 on the amendment of Act CCIV of 2012 on the 2013 central budget of Hungary for final vote

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/12974 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/12974 to the Chairman of the Council as an attachment of his letter – file no. OE-706/2013 - with the voted through amendments.

The Council summarised and published its decision as follows:

II

The Resolution of the Council

At its meeting held on 29th of November 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 – according to the bill no. T/12974 - are increasing the extent of public debt. Notwithstanding, in the course of executing Act CCIV of 2012 on the 2013 central budget of Hungary, amended by the examined bill of amendment, the proportion of the public debt calculated with fixed rate of exchange, 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. Thus, the public debt rule can be fulfilled, in harmony with the respective stipulations of the Basic Law of Hungary.
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 vote the bill T/12974 on the amendment of Act CCIV of 2012 on the 2013 central budget of Hungary, corrected by the proposed amendments that shall not influence the measure of public debt and 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/12974 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 increase of cash-flow budgetary deficit and public debt, amounting to HUF 39 billion in the 2013 central budget. The purpose was to establish budgetary cover, mostly for the execution of the National Assembly's resolutions concerning the creation of the framework of the integration of cooperative banks and, to a lesser degree, to promote the realisation of the Government's ideas concerning the expansion of public assets.

The Fiscal Council's Opinion, adopted by its resolution 13/2013.11.07, concerning the bill proposal fixed that, according to the calculations of the FC in its own sphere of authority, in case the bill shall be adopted, the public debt rule as per Indent (5), Article 36 of the Basic Law of Hungary, shall be observed.

The adopted amendment of the bill affects the text but does not affect the revenue and expenditure totals.

On the basis of the above, the Council hereby gives its consent to submit the draft bill for final vote.

Budapest, 29th November 2013

Domokos László
Member of the Fiscal Council

Dr Matolcsy György
Member of the Fiscal Council

Dr Kovács Árpád
Chairman of the Fiscal Council

MATOLCSY György
GOVERNOR

CENTRAL BANK OF HUNGARY

To:

Dr Kovács Árpád
Chairman
FISCAL COUNCIL OF HUNGARY

Budapest

Budapest, 28th November 2013

Re: Statement on the standpoint of the Governor of the Central Bank of Hungary, for the 29th November 2013 meeting of the Fiscal Council, concerning the submission of the bill T/12974 on the amendment of the Act CCIV of 2012, on the 2013 central budget of Hungary

Mr. Chairman,

I regret to inform you that I won't be attending the 29th November 2013 meeting of the Fiscal Council.

At the same time I declare that I agree with the submission of the bill T/12974 amending Act CCIV of 2012 on the 2013 central budget of Hungary. I support that the Fiscal Council gave it preliminary approval to submitting the bill for final vote. I am familiar with the respective draft resolution of the Fiscal Council and support it.

Sincerely,

Matolcsy György