

Adopted by the Resolution 1/2014.02.06
of the Fiscal Council

KVT 26-3/2014

Fiscal Council of Hungary

2014 Action Plan

of the

FISCAL COUNCIL OF HUNGARY

According to Article 44 of the Fundamental Law of Hungary the Fiscal Council (henceforth: FC/the Council) is a body supporting the legislative work of the National Assembly and shall examine the grounding of the central budget. Apart from the Fundamental Law the FC tasks are determined by the cardinal law on the economic stability of Hungary (Act CXCV of 2011 – henceforth: Stability Act).

The Council shall

- Examine: if the central budget bill is in harmony with the measure of the public debt rule (Indents (4)-(5), Article 44 of the Fundamental Law of Hungary),
- Express its opinion
 - on the draft central budget bill,
 - on the status of the implementation of the budget act, every six
 - month as well as the expected trend of the public debt,
- Decide on giving the Council’s preliminary consent prior to the final vote on the bill, in harmony with the stipulation of Indent (3) Article 44 of the Fundamental Law of Hungary.

Apart from the above statutory tasks – and in harmony with the expectations of the European Union regarding the strengthening of the analysing abilities of the Council – it is the deliberate endeavour of the FC to evaluate the short and long term macroeconomic processes, identify the factors influencing the sustainability of the balance of the budget and reveal their expected tendencies. According to the stipulations of Indent (2) § 23 of the Stability Act, – as members of the Fiscal Council – the Governor of the Central Bank of Hungary and the President of the State Audit Office of Hungary shall put at the disposal of the Council the analyses and findings prepared by their respective staff, concerning issues discussed by the Council. Continuing the practice introduced in 2013, apart from the analyses and findings of both the State Audit Office and the Central Bank, when it comes to establishing well-grounded professional opinions based on various analyses and opinions, the ability of establishing forecasts of their own regarding the fundamental macroeconomic course when necessary, the Council shall resort also to employing the contributions of external experts, professional research institutes and advisory bodies.

1. Preparing the 2014 Action Plan

- 1.1. Drawing up and distributing the draft of the Fiscal Council's 2014 Action Plan requesting an opinion and seeking advice from the members of the Council:

Deadline: 15th January 2014

Responsible: The Secretariat of the FC

- 1.2. Corporate discussion of the tasks of the Fiscal Council

- a) Concerning the work schedule of the Council
- concerning topical matters and within this the various fields of requisitioning external analysing capacities promoting the grounding of the opinion-giving abilities of the Council, respectively about the possibilities of expanding the circle of external experts,
 - concerning the possibilities of expanding the tasks of the FC and, within this, about the possible tasks arising from the three year macroeconomic and budgetary forecasting of the Government.

- b) Approval of the annual Action Plan 2014
- Responsible: The Secretariat of the Council for organising the meeting

2. Mandatory tasks

- 2.1. Concerning the motions of amendment regarding the revenue and expenditure totals of the Act CCXXX of 2013 on the 2014 Central Budget of Hungary,

- a) Giving an opinion as per § 24 of the Stability Act

Deadline: Within 10 days following the receipt of the Government's draft bill

Responsible: The Secretariat of the FC for the preparation of the draft opinions and organising the meeting;
The Chairman of the FC for forwarding the Opinion.

- b) Giving the preliminary consent of the FC prior to the final vote, in harmony with § 25/A and § 26 of the Stability Act

Deadline: Immediately upon receiving the draft from the Speaker of the National Assembly

Responsible: The Secretariat of the FC for preparing the draft decision/s and for organising the meeting; the Chairman of FC for sending the consent

2.2.¹ The Bill on the 2015 Central Budget of Hungary

a) Giving an opinion on the draft bill according to § 24. of the Stability Act

Deadline: Within 10 days following the receipt of the Government's draft bill

Responsible: Secretariat of the FC for the preparation of the draft opinions and for organising the meeting; The Chairman of the FC for forwarding the opinion

b) Reflection on the submitted draft bill according to Indent (4) § 24 of the Stability Act²

Deadline: Within five days following the receipt of the draft bill sent by the Speaker of the National Assembly;

Responsible: The FC Secretariat for the preparation of the draft decisions
The Chairman of the FC for sending the reflections

¹ This point of the Action Plan takes into consideration § 87 of the Stability Act, amending Bill T/13254 on the amendment of Act XXXVI of 2012 on the National Assembly and other related acts.

² Bill T/13254 does not stipulate any deadlines for this

c) Giving Opinion/Prior Consent for submitting the bill for final vote, in harmony with § 25/A of the Stability Act³

Deadline: Within three days upon receiving the bill

Responsible: The FC Secretariat for preparing the meeting and the draft decisions
The Chairman for sending the consent of the FC

d) Discussing the Chairman's exposé to the budget bill (§ 16 of the Stability Act)

Deadline: When the need emerges

Responsible: The FC Secretariat for the preparation

2.3. On the basis of point c), Indent (1), § 23 of the Stability Act the Fiscal Council shall declare its Opinion on the status of the implementation of the central budgets, the expected trend of public debt (joint discussion of the processes of the second half of 2013 and the first half of 2014)

Deadline: July 2014

Responsible: The FC Secretariat for the preparation of the draft decisions and the meetings;
The Chairman of the Council for

³ In case the Fiscal Council refuses granting its preliminary consent in its Opinion, the Council shall formulate its opinion on the repeatedly submitted motion of the Government shall within one day.

forwarding the Opinion to those concerned

3. Supporting the Activities of the Council

The SAO and the Central Bank shall give professional assistance to the Fiscal Council by preparing analyses concerning the issues on the agenda of the Council;

3.1. The SAO assistance

- a) “Analysis of the 2013 budget processes for the Fiscal Council” and “Analysis of the budgetary processes in the first half of 2014 for the Fiscal Council”

Deadline: Beginning of July 2014

Responsible: The SAO;
The Chairman of the FC for presenting the analyses on the FC website

- b) “Analysis of the 2015 budget bill for the Fiscal Council “

Deadline: September 2014

Responsible: The SAO
The Chairman of the FC for publishing the document on the Council’s website

- c) “Analysis of the uniform 2015 budget bill for the Fiscal Council”

Deadline: Shall depend on the acceptance of the budget bill

Responsible: The SAO
The Chairman of the FC for publishing the document on the Council’s website

3.2. The assistance of the Central Bank of Hungary

- a) “Half year analysis of the budgetary processes for the Fiscal Council”

Deadline: July 2014
Responsible: The Central Bank of Hungary,
The Chairman of the FC for publishing
the document on the Council’s website

- b) “Analysis of the 2015 draft budget bill” to be followed by an
“Analysis of the submitted 2015 budget bill”

Deadline: September-October 2014
Responsible: The Central Bank of Hungary,
The Chairman of the FC for publishing
the document on the Council’s website

- c) “Analysis of the 2015 uniform budget bill for the Fiscal Council”

Deadline: Depending on the acceptance of the
budget bill
Responsible: The Central Bank of Hungary,
The Chairman of the FC for publishing
the document on the Council’s website

4. Additional Tasks

4.1. Consultation on the paper of the State Audit Office

- a) Aspects and focus points of the SAO audit regarding government
measures influencing economic competitiveness
b) Aspects and focus points of the SAO audit regarding government
measures serving the purpose of increasing employment

- c) Aspects and focus points of the SAO audit regarding investment encouraging measures

Deadlines: In case of indent a) – beginning of June, 2014
In case of indents b) and c) – end of September, 2014

Responsible: The President of the SAO for the preparation of the papers
The FC Secretariat for the preparation of the meeting

4.2. Consultation about the papers prepared by the Central Bank of Hungary

- a) Examination of the conditions of sustainable development
b) Trends of the revenues and expenditures of the budget following the budgetary measures of the past years

Deadlines: In case of indent a) - second quarter of 2014
In case of indent b) – third quarter of 2014

Responsible: The Governor of the Central Bank of Hungary for the preparation of the papers
The FC Secretariat for the preparation of the meeting
The Chairman of the Council for the disclosure of the papers

4.3. Consultation about the methodological issues of the compilation of the EDP report, on the basis of the presentation of an invited lecturer from KSH (Hungarian Central Statistical Office)

Deadline: March 2014
Responsible: The FC Secretariat for the preparation of the meeting

4.4. The Fiscal Council shall formulate its opinion on draft bills concerning its functioning (Stability Act, Public Finance Act, etc.) as well as those laying the foundation for the central budget

Deadline: When the need arises
Responsible: The FC Secretariat for the preparation of the meeting and the draft resolutions

4.5. Ordering researches and analyses supporting the work of the Council, discussing these materials and organising professional forums on the related subjects

- a) projection of the 2015 budget in the first half of 2014 (Hungarian Academy of Sciences (MTA), Centre for Economic and Regional Studies of the MTA (KRTK), Institute of Economics (KTI)
Those on the perimeter of the labour market and the budget (MTA, KRTK, KTI)
- b) Restructuring of the world economy and its effect on the export market possibilities, economic growth and the budget of Hungary (Kopint-Tárki Zrt.)
- c) Examination of the competitive abilities of the Hungarian economy, with regards its relations concerning the revenues of the budget (Competitiveness Research Centre of the BCE Corvinus University of Budapest and Institute of Business Economics, Faculty of Business Administration of BCE)
- d) Macroeconomic analysis and forecast (Századvég Economic Research Inc.)
- e) Macroeconomic analysis and forecast (GKI Economic Research Inc.)

Deadlines: For the contracts:
Indent a) – end of December
Indents b) and c) – April 2014
Indents d) and e) – depending on the procedure of giving an opinion of the budget

For the discussions and organising professional forums:
Indents a), b), and c) mid-July 2014
Indents d) and e) aligned with the opinion giving procedure of the budget

Responsible: The FC Secretariat for the preparatory work

4.6. Following the macroeconomic characteristics and public finance processes

Deadline: Ongoing
Responsible: The FC Secretariat

4.7. Amendment of the Order of Business related to the changing rules governing the duties and functioning of the FC

Deadline: When the need emerges
Responsible: The FC Secretariat for the preparations

5. Tasks of the FC Secretariat

The Secretariat performs its duties under the guidance of the Chairman of the Fiscal Council. It prepares the meetings of the body, the FC's decisions by

carrying out the necessary co-ordinations, draws up the draft documents to be discharged by the Chairman, co-ordinates the tasks , compiles the drafts of the Council's Opinions, resolutions, memos and takes care of sending out the mentioned documents.

Deadline: According to the Order of Business

Responsible: The FC Secretariat

Resolution

At its meeting held on 6th February 2014 the Fiscal Council discussed and adopted the 2014 Action Plan of the Council under file number: 1/2014.02.06.

6th February 2014

Domokos László

Member of the Fiscal Council

Dr. Kovács Árpád

Chairman of the Fiscal Council