

Fiscal Council

Action Plan of the Fiscal Council for 2015

According to Article 44 of the Basic Law of Hungary, the Fiscal Council (henceforward: the Council/FC) is an organisation supporting the activities of the National Assembly and it shall examine with special emphasis the grounding of the central budget also in 2015. Apart from the respective stipulations of the Basic Law, the tasks of the Council are laid down by Act CXCV of 2011 on the Economic Stability of Hungary (henceforward: Stability Act). Accordingly, the Council

- a) shall examine if the central budget bill is in harmony with the rule governing the size of government debt and within this framework it shall deliver its opinion
 - on the draft central budget bill,
 - on the state of the execution of the central budget bill every six months, as well as the expected trend of the government debt;
- b) shall decide on granting its prior approval prior to the final voting on the budget bill, as stipulated by Indent (3), Article 44 of the Basic Law.

The Governor of the Central Bank of Hungary and the President of the State Audit Office of Hungary – both, as members of the Fiscal Council – shall provide the Council with the analyses and findings prepared by their respective staff that are related to the issues dealt with by the FC, according to Indent (2) § 23 of the Stability Act.

Following the practice launched in 2013 and further developed in 2014 and - apart from the utilisation of the forecasts and findings of the Central Bank of Hungary and the SAO of Hungary - the Council shall rely on the cooperation of external experts, professional research institutes and advisory bodies when formulating its professional and adequately supported opinion on the basis of

various analyses and opinions, the FC's ability of forecasting the trend of the basic macroeconomic course relying on its own resources, also included.

1. Preparation of the year 2015 Action Plan

- 1.1. Professional compilation and sending out of the 2014 Report and the draft of the year 2015 Action Plan of the Fiscal Council to the members for collecting opinions and drawing up proposals

Deadline: 20th January 2015

Responsible: the assigned head of the FC Secretariat

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

a) Exchange of opinions about

- the work schedule of the Council,
- current issues and, within that, the fields of utilising researches supporting the grounding of the opinion-giving activities of the Council and the possibilities of widening these fields,

b) Approval of the annual plan

Deadline: 9th February 2015

Responsible: for preparing the meeting the assigned head of the FC Secretariat

2. Obligatory tasks

- 2.1. On the draft bill dealing with the amendment of Act C of 2014 on the 2015 Central Budget of Hungary that would change either the grand total of the revenues and/or the expenditures of the central budget, and/or would increase the measure of the deficit

a) the Fiscal Council shall give an opinion, according to § 24 of the Stability Act

Deadline: within 10 days following the receipt of the draft bill from the Government

Responsible: for the preparation of the meeting and the draft decisions – the assigned head of the FC Secretariat;

for sending the Opinion: the Chairman of the FC

b) according to § 25 and 25/A, the FC shall examine the compliance with the government debt rule and give its prior consent for submitting the bill for final vote

Deadline: within one day following the receipt of the draft sent by the Speaker of the National Assembly

Responsible: for the preparation of the meeting and the draft decisions – the assigned head of the FC Secretariat;
for sending the Opinion: the Chairman of the FC

2.2. As to the 2016 Central Budget of Hungary, the Fiscal Council

a) shall give its Opinion on the draft bill, according to § 24 of the Stability Act

Deadline: within 10 days following the receipt of the draft bill sent by the Government

Responsible: for the preparation of the meeting and the draft decisions – the assigned head of the FC Secretariat;
for sending the Opinion: the Chairman of the FC

b) The FC has the right to make observations concerning the bill submitted to the National Assembly, according the Indent (5) § 34 of the Stability Act

Deadline: the Stability Act has no stipulated deadline in this case

Responsible: for the preparation of the meeting and the draft decisions – the assigned head of the FC Secretariat;
for sending the Opinion: the Chairman of the FC

c) the FC shall examine the compliance with Indents (4)-(5), Article 36 of the Basic Law (government debt rule) and formulate its opinion for submitting the bill for final vote (granting prior consent, in harmony with the stipulations of § 25/A of the Stability Act)

Deadline: within three days following the receipt¹

¹ In case in its Opinion the FC finds that the acceptance of the budget bill would violate the government debt rule (and the Council shall not grant its prior consent), the FC shall give its opinion on the repeated proposal of the Government within one day.

Responsible: for the preparation of the meeting and the draft decisions – the assigned head of the FC Secretariat;
for sending the Opinion: the Chairman of the FC

- d) discussing the exposés of the Chairman related to the budget bill (§ 16 of the Stability Act, Indent (5) § 97 of the House Rules)

Deadline: depending on emergence

Responsible: the assigned head of the FC Secretariat

2.3. According to Point c), Indent (1) of § 23 of the Stability Act the Fiscal Council shall deliver its opinion on the status of the execution of the annual budget and the expected trend of government debt (joint discussion of the evaluation of the course of the processes in the second half of 2014 and the first half of 2015)

Deadline: 13th July 2015 (FC meeting)

23rd July 2015 (professional forum)

Responsible: for the preparation of the meeting and the draft decisions – the assigned head of the FC Secretariat;
for sending the Opinion to those concerned: the Chairman of the FC

3. Supporting the Activities of the Council

The SAO and the Central Bank of Hungary shall offer professional support to the Fiscal Council by preparing analyses related to the issues discussed by the Council

3.1. By the SAO

- a) "Analysis of the 2014 budgetary processes for the Fiscal Council";
"Analysis of the budgetary processes in the first half of 2015"

Deadline: beginning of July 2015

Responsible: the SAO;

for publishing these materials on the FC website:
the chairman of the FC

b) "Analysis of the 2016 draft budget bill for the Fiscal Council"

Deadline: beginning of October 2015

Responsible: the SAO;

for publishing these materials on the FC website:
the chairman of the FC

c) "Analysis of the 2016 uniform budget bill for the Fiscal Council"

Deadline: mid-December 2015

Responsible: the SAO;

for publishing these materials on the FC website:
the chairman of the FC

3.2. By the Central Bank of Hungary

d) "Half-year analysis of the budgetary processes for the Fiscal Council"

Deadline: beginning of July 2015

Responsible: the SAO;

for publishing these materials on the FC website:
the chairman of the FC

e) "Analysis of the 2016 draft budget bill" to be followed by „
„Analysis of the submitted 2016 budget bill"

Deadline: beginning of October 2015

Responsible: the Central Bank of Hungary;

for publishing these materials on the FC website:
the chairman of the FC

f) „Analysis of the 2016 uniform budget bill" (if necessary)

Deadline: mid-December 2015

Responsible: the Central Bank of Hungary;

for publishing these materials on the FC website:
the chairman of the FC

4. Additional tasks

4.1. Consultation regarding the white papers prepared by the State Audit Office of Hungary, especially concerning

a) The viewpoints of SAO audit and its focus areas when auditing measures to initiate investments

Expected date of submission: 10th March 2015

b) Aspects and focus areas of the audit of public measures promoting competitive knowledge and its utilisation

Expected date of submission: 31st of March

c) Analysis of the financial and asset-related situation of higher educational institutions

Expected date of submission: 30th of April

d) Summary and evaluation of the EU supports granted to Hungary in the EU budgetary period of 2007-2013

Expected date of submission: 15th of May

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

4.3. Consultation about methodological issues on the basis of the information presented by the President of the Hungarian Central Statistical Office and her staff

Deadline: 2015, pending on coordination

Responsible: for the preparation of the meeting: the assigned
head of the FC Secretariat

- 4.4. The Fiscal Council shall deliver its opinion on amendments of the law concerning the FC's sphere of activities (Stability Act, Public Finance Act, etc.) as well as the amendment laying the foundations for the central budget

Deadline: pending on emergence

Responsible – for the preparation of the draft decisions: the assigned head of the FC Secretariat

- 4.5. Commissioning researches, analyses (see Appendix), discussing those materials and organising professional fora for such discussions

a)

Mid-range forecasting of the processes of macro economy and public finance (Századvég Gazdaságkutató Zrt., GKI Zrt., MTA KRTK KTI)

b)

Macroeconomic and public finance situation and outlook for 2015-2016 (analysis for formulating an opinion on the 2016 budget bill (Századvég Gazdaságkutató Zrt., GKI Zrt.))

c)

Additional researches

c.1) The 2015-2016 labour market situation and the expected trends of the respective processes, their influence on growth and public finance (MTA KRTK KTI)

c.2) Review of the mid-range processes of the world economy and their influence on Hungarian economy (growth), and public finance (Kopint-Tárki Konjunktúrakutató Intézet Zrt., OG Research)

Deadlines for contracts:

in case of a) - February 2015

in case of b) – May 2015

in case of c.1) - May 2015

in case of c.2) –May and November 2015

for discussion and organising professional fora:

in case of a) – 15th May (without professional forum)

in case of b) and c.1) – aligned with the opinion-
giving process of the budget
in case of c.2) – according to consultations

Responsible for the preparation: the assigned head of the FC
Secretariat

- 4.6. Monitoring the macroeconomic characteristics and public finance
processes

Deadline: continuing
Responsible: the assigned head of the FC Secretariat

- 4.7. Amending the Rules of Procedure in harmony with the changing of the
laws concerning the sphere of responsibilities and the functioning of the
FC

Deadline: pending on emergence
Responsible for the preparations: the assigned head of the FC
Secretariat

5. Tasks of the International Relations

- 5.1. Visit of the delegation of the Slovakian Council for Budget Responsibility

Deadline: 12 February 2015
Responsible for the preparation: the assigned head of the FC
Secretariat

- 5.2. The Chairman of the Council shall attend the 7th Annual Meeting of the
OECD Independent Fiscal Institutions – Vienna, 16 -17 April 2015

Deadline: 16th April 2015
Responsible for the preparation: the assigned head of the FC
Secretariat

- 5.3. Visit of the delegation of the Austrian Parliamentary Budget Office (in the
phase of negotiations)

Deadline: 31st December 2015
Responsible for the preparation: the assigned head of the FC
Secretariat

5.4. Communication, visits with the Directorate for Economic and Financial Affairs of the European Commission

Deadline: pending on emergence

Responsible for the preparation: the assigned head of the FC Secretariat

6. Tasks of the FC Secretariat

The head of the Secretariat – appointed by the Chairman of the Fiscal Council – shall be responsible for the execution of the tasks delegated to the Secretariat, under the guidance of the Chairman. The head of the Secretariat shall prepare the meetings of the body; shall be responsible for assisting the decision-making work of the Chairman, by organising the necessary consultations; shall prepare the drafts of the documents to be released; shall coordinate the tasks; shall compile the draft versions of the FC's opinions, resolutions, memorandums and shall take care of mailing out those documents and finally, shall maintain the website of the FC.

Deadline: as per the Rules of Procedure

Responsible: the assigned head of the FC Secretariat

Budapest, 9th February 2015

Domokos László
Member of the Fiscal Council

Dr. Kovács Árpád
Chairman of the Fiscal Council

Appendix: 1

FC Research Plan for 2015

Topic/ Firm	Order		Date of Delivery		Payment deadline	
	subject (title)	date	2015	2016	2015	2016
I. Mid-range outlook 1. Századvég 2. GKI 3. MTA KRTK	Mid-range forecasting of the processes of the macro-economy and the public finance	February 2015	30th April 2015		May 2015	
II. For the opinion of the 2016 budget bill 1. Századvég 2. GKI	The situation and an outlook of the macro-economy and the public finance for 2015-2016	May 2015	30th September 2015	Refreshed: 30th November 2015	30th October 2015	Refreshed 15th December 2015
III. a) Labour MTA KRTK	The 2015-2016 labour market situation and the expected trends of the respective processes, their influence on growth and public finance	May 2015	15th November 2015		15th December 2015	
b) Processes of the world economy Kopint-Tárki OG Research	Review of the mid-range processes of the world economy and their influence on Hungarian economy (growth), and public finance	May 2015 November 2015	30th August 2015		30th September 2015	
				30th January 2016		29th February 2016