

Action Plan of the Fiscal Council for 2021

January 2021

According to the stipulation of Article 44 of the Fundamental Law, the Fiscal Council (henceforward: the Council/FC) is an organisation supporting the activities of the National Assembly that shall put priority also in 2021 on evaluating the viability of the central budget, the evolution of the public finance deficit and the effectiveness of the government debt rule. Apart from the Fundamental Law, the tasks of the Council are determined by Act CXCV of 2011 (henceforth: the Stability Act).

Thus, the Council shall

- formulate its opinion
 - on the draft of the central budget bill, the draft of the amendment of the budget act included and within this about the degree of the public finance deficit¹ and the decrease of the government debt indicator²,
 - about the state of the execution of the central budget, every six months, about the evolution of the expected government debt³ and,
- shall decide about granting its preliminary consent prior to the final voting to submit the budget bill and the amendment of the budget bill, in harmony with the respective stipulation of Indent (3) Article 44 of the Fundamental Law.

As members of the FC, both the Governor of the Central Bank of Hungary (MNB) and the President of the State Audit Office of Hungary shall put the analyses (papers) and findings related to the issues discussed by the Council, that had been prepared by the SAO and MNB – in harmony with Indent (2) § 23 of the Stability Act.

Following its standard practice and in harmony with the stipulations of Point c) Indent (1) § 23 and Indent (2) § 24 and § 25-25/A of the Stability Act, to formulate its opinion in a

¹ According to § 3/A of the Stability Act the public finance balance (more specifically of the governmental sector) shall be decided in harmony with the Fundamental Law and the Law of the European Union taking into consideration the respective regulations of the Stability Act. The method of calculating the balance deriving from the Fundamental Law and the Law of the European Union – with special regard to the calculation of the structural balance – as well as the necessary parameters shall be published by the minister responsible for public finance at the website of the ministry under his guidance.

² According to Indents (4)-(5) Article 36 of the Fundamental Law of Hungary and the government debt rule, as long as the government debt exceeds half of the gross domestic product, the National Assembly shall adopt only such central budget act that contains the decrease of the government debt ratio in the share of the gross national product (i.e. government debt indicator). According to § 4 of the Stability Act the central budget act shall contain the government debt indicator foreseen for the last day of the fiscal year. The degree of this indicator shall be determined so that the decrease of the government debt rule compared to the reference year would reach at least 0, 1 percent.

³ According to Point c) Indent (1) § 23 of the Stability Act

professional and duly substantiated way – the evaluation of the macroeconomic baseline scenario related to the judging process of the budget – the Council shall rely on the respective works of external experts, professional research institution and advisory bodies, beyond the contributions of the MNB and SAO analyses (forecasts) as well.

The year 2021 researches related to formulating an opinion on the draft of the central budget bill and the half-yearly evaluation of the execution of the budget act are also reviewing those external and internal processes and factors that are interrelated to the revenues and expenditures of the public finance (based on the experiences gained in 2020, we should continue relying on those supporting analyses that help us in formulating the system of tools and conditions that globally affect our growth and sustainable development). Having in mind this, we are going to commission papers complementing each other in a given topic, also in 2021.

1. Year 2020 Report and Year 2021 Action Plan

- 1.1. As regards the year 2020 annual report and the draft of its 2021 action plan -according to its order of business, the Fiscal Council shall
- a) professionally compile the above documents
 - Deadline: 10th of December 2020
 - Responsible: Head of the FC Secretariat
 - b) distribute the said documents
 - ba) for consultation with experts
 - Deadline: 13th of December 2020
 - Responsible: Head of the FC Secretariat
 - bb) for the members of the Council for formulating an opinion and for call for proposals
 - Deadline: 18th of December 2020
 - Responsible: Chairman of the FC
- 1.2. Board discussion of the tasks of the Fiscal Council:
- a) exchange of opinions
 - about the order of the work of the Council,
 - about the realisation of the year 2020 tasks, about the 2021 tasks and within the latter about the fields the FC should commission the contribution of researches assisting the opinion formulating and evaluating task of the Council,
 - about other businesses.
 - b) approving the year 2020 annual report and the year 2021 action plan
 - Deadline: 31st of January 2021
 - Responsible: for preparing the meeting – Head of the FC Secretariat

2. Mandatory Tasks

2.1. As regards the year 2022 central budget of Hungary, the FC shall

- a) formulate an opinion⁴ on the draft bill⁵

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

Responsible: for the preparation of the meeting and the draft resolutions – the Head of the FC Secretariat,
for distributing the opinion – the Chairman of the FC

- b) may make remarks concerning the bill⁶ submitted to the National Assembly, in harmony with the stipulation of Indent (5) § 24 of the Stability Act

Deadline: according to case-by-case decision (The Stability Act does not establish a deadline)

Responsible: for the preparation of the meeting and the draft resolutions – the Head of the FC Secretariat,
for distributing the remarks – the Chairman of the FC

- c) shall examine the compliance of the uniform bill with the government debt rule and may formulate its opinion for submitting the bill for final voting (granting or refusing preliminary consent as stipulated by § 25 of the Stability Act)

Deadline: within three days following the receipt⁷

⁴ According to Point a) Indent (1) § 23 of the Stability Act – in harmony with the regulations of Indent (2) Article 44 of the Fundamental Law – the Council shall formulate its opinion about the draft of the central budget bill. In the frame of this process the FC shall examine the degree of the public finance (more precisely – of the governmental sector's) deficit, i.e. that it should not exceed 3 % of the gross national product (GDP) as well as its harmony with the medium term fiscal goal of the governmental sector. In harmony with the stipulations of § 25 of the Stability Act, parallel with the above, the FC shall examine also the compliance with the government debt rule (Indents (4)-(5) Article 36 of the Fundamental Law and with § 4 of the Stability Act concretising the former.

⁵ According to the stipulation of Indent (4) § 13 of the Public Finance Act the draft of the central budget bill shall be prepared by the minister responsible for public finance. Following the regulation of Indent (2) § 24 of the Stability Act, the Fiscal Council may make remarks to the draft bill within ten days following the receipt of the document respectively – in case the FC has any fundamental objections as regards the bill's authenticity or feasibility – the body may indicate its disagreement regarding the bill.

⁶ The Government shall submit the central budget bill by 15th of October – in the year of general elections by 31st of October – to the National Assembly. (Recently the Government followed the practice of submitting the budget bill in the first half of the year in years of the general elections.)

Responsible: for the preparation of the meeting and the draft resolutions –
Head of the FC Secretariat,
for distributing the consent – Chairman of the FC

d) at the beginning of the parliamentary debate of the budget bill as well as prior to the final voting, the Chairman of the FC takes the floor and presents the opinion of the body [§ 16 of the Stability Act, Indent (5) § 97 of the House Rules]

Deadline: as and when it arises

Responsible: for the preparation the head of the FC Secretariat
for the speech – Chairman of the Council

2.2. The draft bills that contain the amendment of Act XC of 2020 about the year 2021 central budget of Hungary and amend either the revenue, or the expenditure totals and/or increase the measure of the deficit shall oblige the Fiscal Council to

a) formulate its opinion, in harmony with the stipulation of § 24 of the Stability Act

Deadline: within 10 days following the receipt of the draft document forwarded by the Government,

Responsible: for the preparation of the meeting and the draft resolutions –
Head of the FC Secretariat
For distributing the Opinion – Chairman of the FC

b) examine the compliance of the bill with the government debt rule and shall decide about granting the FC's preliminary consent to submit the document for the final voting, in harmony with § 25 and 25/A of the Stability Act

Deadline: within one day following the receipt of the uniform bill sent by the speaker of the National Assembly

Responsible: for preparing the draft resolutions – the head of the FC Secretariat,
for distributing the consent – the FC Chairman

⁷ In case in its Opinion the FC finds that the adoption of the uniform budget bill would infringe the government debt rule (the Council shall not grant its prior approval required for submitting the bill for final voting), the Fiscal Council shall decide upon the repeated bill of the Government within one day.

2.3. According to Point c) Indent (1) § 23 of the Stability Act, the Fiscal Council shall formulate its opinion about the state of the execution of the central budget act and the expected evolution of the government debt, every six months.

2.3.1. Evaluation of the year 2020 fiscal process

Deadline: for the FC meeting –Second quarter of 2021

Responsible: for preparing the meeting and the draft resolutions – Head of the FC Secretariat,
for distributing the Opinion to the competent persons –
Chairman of the FC

2.3.2. Evaluation of the first half of year 2021 fiscal processes

Deadline – for the FC meeting: September 2021

– for the conference: October 2021

Responsible: for the preparation of the meeting and the draft resolutions as well as the organising of the professional forum – Head of the FC Secretariat,
for distributing the Opinion to the competent persons –
Chairman of the FC

3. Supporting the Council's Activities

SAO and MNB shall provide professional support for the Fiscal Council [Indent (2) § 23 of the Stability Act] by preparing their respective analyses of issues handled by them, by presenting their respective findings and offering consultations with their respective experts

3.1. On behalf of SAO

- Relevant factors for formulating and opinion on the year 2022 draft central budget bill of Hungary
- Half-yearly analyses (year 2020 an first half of 2021) concerning the fiscal processes

3.2. On behalf of MNB

- Analysing the year 2022 draft central budget bill
- Analysing public finance processes every half year (about 2020 and the first half of 2021)
- monthly MNB and other analyses

3.3. In harmony with the intent of the SAO and MNB organising FC consultation about the analyses prepared by these institutions respectively, organising a workshop

Deadline: continuous

Responsible: for the preparation – Head of the FC Secretariat

4. Additional Tasks

4.1. The Fiscal Council may formulate its opinion [Points d)-e) Indent (1) § 23 of the Stability Act] about issues concerning its responsibilities (Stability Act, Public Finance Act, etc.), as well as the legislative amendment proposals, the planning and execution of the central budget or any other issues concerning public moneys in any other way.

Deadline: as and when need arises

Responsible: for the preparation of the meeting the draft resolutions – Head of the FC Secretariat

For distributing the Opinion: Chairman of the FC

4.2. Commissioning researches supporting the work of the FC in the following subjects (see Appendix), organising a workshop dealing with these issues and publishing the collection of the research results

4.2.1. Budget

a) Analysis of the execution of the budget act every six months

b) Formulating an opinion on the year 2022 draft budget bill

4.2.2. External factor of the budget

a) The effect of the changes of world economy on Hungarian economy and public finance

b) The effect of the EU crisis management on the economic growth of the EU and our

c) The effect of the German economy on Hungarian growth

4.2.3. Internal factors of the budget,

a) interaction between sustainable development and public finance

b) the evolution of competitiveness

Deadline for preparing the contracts: according to the appendix

for discussions, organising workshops, publishing the conference book in Hungarian and English languages: Fourth quarter of 2021

Responsible: Head of FC Secretariat

4.3. Monitoring the macroeconomic and public finance processes

Deadline: continuously

Responsible: Head of the FC Secretariat

4.4. Professional consultation with the Central Statistical Office (KSH) about the methodology, estimation of GDP calculation

Deadline: following the first quarter report of the Central Statistical Office

Responsible: Head of the FC Secretariat

5. Tasks of International Relations

5.1. The Chairman (occasionally the Head of the FC Secretariat) attending the mid-year workshops of the IFI organised by the EU and OECD

Deadline: continuously

Responsible: for the preparation – head of the Secretariat

5.2. The Chairman (occasionally the Head of the FC Secretariat) attending the exchange of experiences/opinions of the European Union Independent Fiscal Institutions (EUIFI)

Deadline: according to invitation

Responsible: for the preparation – Chairman of FC

5.3. The Chairman of the Council attending plenary sessions and regional meetings of the Trilateral Commission as member of the Hungarian delegation.

Deadline: according to invitation

Responsible: Chairman of FC

5.4. Consultations with representatives of international institutions (European Commission, IMF, rating companies, etc.)

Deadline: as and when need arises

Responsible: Chairman of FC

6. Tasks of the FC Secretariat

It is the head of the Secretariat who shall organise the execution of the tasks of the Secretariat – under the direction of the chairman of the Fiscal Council. In doing so, he/she shall prepare the board meetings of the Council and make the necessary conciliations required for the decisions and the draft of the documents that shall be published by the chairman, shall coordinate the tasks, compile the drafts of the opinions, resolutions and memos, shall take care of mailing the approved documents and the maintenance of the FC homepage.

Deadline: according to the order of business, the action plan and the decision of the FC chairman

Responsible: Head of the FC Secretariat

Budapest, 14th of January 2021

Domokos László
Member of the Fiscal Council

Matolcsy György
Member of the Fiscal Council

Kovács Árpád
Chairman of the Fiscal Council

Approval of the Action Plan

Hereby I ask the Fiscal Council to kindly accept the enclosed year 2020 Action Plan and Research Plan, in harmony with the attached draft resolution.

Budapest, 14th of January 2021

Kovács Árpád
Chairman of the Fiscal Council

Resolution 1/2021.01.14. of the Fiscal Council

According to the presentation of the Chairman, at its meeting held on 14th January 2021, the Fiscal Council discussed and adopted the Action Plan of the year 2021 of the Fiscal Council.

The Council hereby calls the Chairman to send the Action Plan to the Speaker of the National Assembly.

Deadline: immediately

Responsible: Chairman of the FC

Appendix: Action Plan

Topic/ Firm	Commission		Date of Execution	Date of Payment
	subject (title)	time		
I. The budget				
a) half-yearly evaluation of the execution of the budget act	Macroeconomic, public finance situation picture A) about 2020 B) about the first half of 2021	First quarter of 2021	A) April 2021 B) August 2021	A) Second quarter of 2021 B) Third quarter of 2021
1. Századvég				
2. Kopint-Tárki				
3. Eco-Vista				
b) for formulating opinion on the draft of the year 2022 budget bill	Macroeconomic, public finance situation picture and outlook 2021-2023	In alignment with submitting the budget act	In alignment with submitting the budget act	In alignment with submitting the budget act
1. Századvég				
2. BCE				
3. OG Research				
II. Factors affecting the budget in the short and medium term				
a) External conditions	Effects of world economy - with special attention to Brexit - on the European Union and within it on the economy and public finance of Hungary	Second quarter of 2021	Third quarter of 2021	Third quarter of 2021
1. Kopint-Tárki				
2. OG Research				
3. Profconsult Kft.	Structural characteristic features of economic growth in the European Union	Second quarter of 2021	Third quarter of 2021	Third quarter of 2021
b) Internal factors	Interrelations of sustainable development and public finance, with an emphasis of the transition to circular economy (in connection with T/13958 bill)	Second quarter of 2021	Third quarter of 2021	Third quarter of 2021
1. Blue Planet Environmental Protection Fund				
2. Leadership Kft. 3. Kopint-Tárki	The presence of COVID-19, sustainability and the economic-social development in competitiveness in Hungary	Second quarter of 2021	Third quarter of 2021	Third quarter of 2021
4. KRTK	Competitiveness of small and medium businesses in Hungary	Second quarter of 2021	Third quarter of 2021	Third quarter of 2021

GKI Economic Research Inc. (Gazdaságkutató Zrt.) proposed the FC analyses in three research themes:

Macroeconomic forecast (2021-2023), with special regard to public finance processes

- Longer range fiscal effect of the growing e-mobility
- Fiscal effects of the lack of development in domestic wired infrastructure up to 2030

FC Year 2021 Action Plan

Topic/ Company	Megrendelés		Teljesítés időpontja	Kifizetés időpontja
	tárgya (cím)	ideje		
I. A költségvetés				
a) a költségvetési törvény végrehajtásának félévenkénti értékelése	Makrogazdasági, államháztartási helyzetkép C) 2020-ról D) 2021 I. félévről	2021. I. negyedév	A) 2021. április B) 2021. augusztus	A) 2021. II. negyedév B) 2021. III. negyedév
1. Századvég				
2. Kopint-Tárki				
3. Eco-Vista				
b) 2022. évi költségvetési törvényjavaslat tervezetének véleményezéséhez	Makrogazdasági, államháztartási helyzetkép, kitekintés 2021-2023-re	A költségvetési törvényjavaslat benyújtásához igazodóan	A költségvetési törvényjavaslat benyújtásához igazodóan	A költségvetési törvényjavaslat benyújtásához igazodóan
1. Századvég				
2. BCE				
3. OG Research				
II. A költségvetésre rövid- és középtávon ható tényezők				
a) Külső feltételek	Világ gazdasági hatások - különösen a brexitre tekintettel - az EU-ra, benne Magyarország gazdaságára, államháztartására	2021. II. negyedév	2021. III. negyedév	2021. III. negyedév
1. Kopint-Tárki				
2. OG Research				
3. Profconsult Kft.	A gazdasági növekedés strukturális jellemzői az Európai Unióban	2021. II. negyedév	2021. III. negyedév	2021. III. negyedév
b) Belső tényezők	A fenntartható fejlődés és az államháztartás kölcsönhatásai, kiemelve a körforgásos gazdaságra történő átállást (a T/13958. sz. törvényjavaslattal összefüggésben)	2021. II. negyedév	2021. III. negyedév	2021. III. negyedév
1. Kék Bolygó Klímavédelmi Alapítvány				
2. Leadership Kft.				
3. Kopint-Tárki	A COVID-19, a fenntarthatóság és a gazdasági-társadalmi fejlődés megjelenése a versenyképességben Magyarországon	2021. II. negyedév	2021. III. negyedév	2021. III. negyedév
4. KRTK	Kis- és középvállalkozások versenyképessége Magyarországon	2021. II. negyedév	2021. III. negyedév	2021. III. negyedév

A GKI Gazdaságkutató Zrt. három kutatási témában tett javaslatot a KT számára:

- Makrogazdasági előrejelzés (2021-2023), különös tekintettel az államháztartási folyamatokra
- Az e-mobilitás növekedésének hosszabb távú költségvetési hatásai
- A hazai vezetékes infrastruktúra fejlesztések elmaradásának költségvetési hatásai 2030-ig