

Fiscal Council

The Fiscal Council's 2024 Work Plan

February 2024

Based on Article 44 of the Fundamental Law, the Fiscal Council (hereinafter referred to as the Council) is a body supporting the activities of the National Assembly, which in 2024 will continue to give priority to assessing the soundness of the central budget, the development of the public deficit and the enforcement of the public debt rule. Its tasks are defined - in addition to the Fundamental Law - by Act CXCV of 2011 on the Economic Stability of Hungary (hereinafter referred to as Stab. law).

Thus the Council

- gives an opinion
 - on the draft bill on the central budget, including the draft bill on the amendment of the Budget Act, and the public deficit in this context¹, on the reduction of the public debt ratio²,
 - on whether a reimbursement from the central budget is necessary to ensure the adequacy of the capital of the Magyar Nemzeti Bank, and
 - bi-annual reports on the state of implementation of the Central Budget Act and the expected evolution of public debt³, and
- decides on the granting of prior consent under Article 44(3) of the Fundamental Law before the final vote on the draft budget bill and the draft law amending the Budget Act.

As a member of the SC, the President of the National Bank of Hungary (MNB) and the President of the State Audit Office of Hungary (SAO) - pursuant to Paragraph (2) of Article 23 of the Stab. Act - shall make available to the Council the related analyses (studies) and findings prepared by the SAO and the MNB on the issues discussed by the Council.

In accordance with its established practice, the Council, in order to formulate its opinion in a professional and duly substantiated manner pursuant to Section 23 (1) (c), Section 24 (2) and Sections 25-25/A of the Stab. law, including the assessment of the macroeconomic fundamentals

¹Pursuant to Article 3/A of the Stab. tv., the central budget act shall decide on the balance of public finances (more precisely, the government sector) in accordance with the Fundamental Law and the law of the European Union, and in compliance with the provisions of this Act. The method of calculation of the balance resulting from the Fundamental Law and the law of the European Union, in particular the calculation of the structural balance, and the parameters required for this purpose shall be published by the Minister responsible for public finances on the website of the ministry under his/her authority.

²According to Article 36(4)-(5) of the Fundamental Law - the public debt rule - as long as the public debt exceeds half of the total gross domestic product, Parliament may only adopt a law on the central budget that includes a reduction of the ratio of the public debt to the total gross domestic product (the public debt ratio). According to Article 4 of the Stab. law, the central budget law must specify the value of the public debt ratio planned for the last day of the budget year. This value must be determined in such a way that the reduction in the government debt ratio compared to the reference year, while respecting the EU rules on debt reduction, is at least 0.1 percentage points.

³ According to Section 23 (1) c) of the Stab. tv.

related to the assessment of the soundness of the draft budget law, in addition to the analyses (forecasts) and studies of the SAO and the MNB, also makes use of the work of external experts, professional research institutions and advisory bodies.

The 2024 research, in addition to providing an opinion on the draft central budget law and on the semi-annual evolution of the implementation of the budget law, may also look at external and internal processes and factors interacting with the revenues and expenditures of the general government. Based on the experience of previous years, it is appropriate to continue to use analyses that focus on effects that have a global impact on our growth and support the development of the conditions and instruments for our sustainable development. In 2024, it may be appropriate to continue to commission complementary multi-stakeholder studies on a single theme.

1. The 2023 annual report and the 2024 work plan

- 1.1. Discussion and adoption of the President's report on the implementation of the Council's 2023 Work Plan in accordance with its Rules of Procedure

Deadline: 5 January 2024.

Responsible: head of the FC Secretariat

- 1.2. The Council's draft 2024 annual programme of work

- a) expert compilation

Deadline: month of February 2024

Responsible: head of the FC Secretariat

- b) sending to

- ba) expert consultation

Deadline: month of February 2024

Responsible: head of the FC Secretariat

- bb) for the members of the Council

Deadline: second half of February 2024

Responsible: the President of the Council

- 1.3. Board discussion on the tasks of the Fiscal Council

- a) exchange of views

- the rules of procedure of the Council
- on the tasks for 2024, including the areas of research to be used to underpin the Council's evaluation and assessment activities
- other current affairs

- b) approval of the 2024 work plan

Deadline: second half of February 2024

Responsible: the Head of the FC Secretariat for the preparation of the meeting

2. Mandatory tasks

2.1. The Fiscal Council on the 2025 central budget of Hungary

a) comments on the draft bill ⁴⁵

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

Responsible: the Head of the FC Secretariat for preparing the meeting and draft decisions, the Chair of the Council for sending the opinion

b) may comment on the bill on the central budget submitted to the National Assembly⁶ on the basis of Art. 24 (5) of the Stab. tv.

Deadline: on a case-by-case basis (the Stab. tv. does not set a deadline)

Responsible: the Head of the FC Secretariat for preparing the meeting and draft decisions, the Chair of the Council for sending comments

c) also examines the compliance with the public debt rule in the single bill and formulates an opinion for the final vote (granting or refusing preliminary consent pursuant to Section 25 of the Stab. law)

Deadline: within three days of receipt⁷

Responsible: the Head of the FC Secretariat for preparing the meeting and draft decisions, the Chair of the Council for sending the contribution

d) at the beginning of the parliamentary debate on the budget bill and before the final vote, the Chair of the Council shall speak and present the opinion of the Council [Section 16 Stab. law, Rule 97 (5) of the Rules of Procedure for the National Assembly]

Deadline: as appropriate

⁴ Pursuant to Article 13 (4) paragraph (4) of the Law on Public Finances (CXCv act of 2011, Áht.), the Minister responsible for public finances shall prepare the draft bill on the central budget. Pursuant to Section 24 (2) of the Stab. law., the Council may, within ten days of receipt of the draft, comment on it or, if it has fundamental objections to it, its authenticity or enforceability, express its disagreement with the draft.

⁵ Pursuant to Article 23 (1) a) of the Stab. law, the Council - in accordance with Article 44. (2) of the Constitution of the Republic of Hungary - shall deliver an opinion on the draft law on the central budget, in the framework of which it shall also separately examine the size of the budget deficit - it shall be consistent with the achievement of the medium-term budgetary objective of the government sector and shall not exceed 3% of gross domestic product (GDP) - and shall examine the capital adequacy of the Magyar Nemzeti Bank as defined in the Central Bank Act (Act CXXXIX of 2013, paragraph 166 (3)). Based on Article 25 of the Stab. law, the FC simultaneously examines the compliance with Article 36 (4) and (5) of the Fundamental Law - the public debt rule - and Article 4 of the Stab. law, which concertizes it.

⁶ Pursuant to Article 22 (2) of the Áht., the Government shall submit the bill on the central budget to Parliament by 15 October - 31 October in the year of the general election of Members of Parliament.)

⁷ If the FC Opinion concludes that the adoption of the unified budget bill would violate the public debt rule (it does not give its prior consent to the final vote), it must deliver its opinion on the Government's re-proposal within one day.

Responsible for the preparation: the Head of the FC Secretariat,
for the speech the Chair of the Council

2.2. The draft bill amending Act LV of 2023 on the 2024 central budget of Hungary, which would change the revenue and/or expenditure headings of the central budget and/or increase the deficit

a) gives an opinion pursuant to Section 24 of the Stab. law

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

Responsible: the head of the FC Secretariat for preparing the meeting and draft decisions,

for sending the Opinion the Chair of the Council

b) examines the bill's compliance with the public debt rule pursuant to § 25 and § 25/A of the Stab. law and decides whether or not to give its preliminary consent to its submission to a final vote

Deadline: within three days of receipt of the single proposal sent by the President of the National Assembly (in case of non-granting, see footnote 7)

Responsible: the head of the FC Secretariat for preparing the meeting and draft decisions,

for sending the contribution the Chair of the Council

2.3. The Fiscal Council shall, on the basis of Section 23 (1) (c) of Article 23 (1) of the Stab. law, issue an opinion on the state of implementation of the Central Budget Act and on the development of public debt.

2.3.1. Assessment of the budgetary process in 2023, analysis of the divergence between planned and actual economic and budgetary indicators and identification of the causes

Deadline for FC meeting: in line with the date of the opinion on the draft budget 2025

Responsible: for the preparation of the meeting and the draft decisions by the Head of the FC Secretariat, for sending the Opinion to the competent authorities the Chair of the Council for

2.3.2. Assessment of the budgetary process in the first half of 2024, analysis of the divergence between planned and actual economic and budgetary indicators and identification of the reasons

Deadline for FC meeting: September 2024

Responsible: for the preparation of the meeting and draft decisions, the Head of the FC Secretariat, for sending the Opinion to the relevant parties, the Chair of the Council

3. Support for the Council's activities

The SAO and the MNB shall provide professional support to the Council [pursuant to Section 23 (2) of the Stab. law] by preparing analyses, providing their findings and expert consultations on the issues discussed by the Council.

3.1. on behalf of the SAO

- Considerations for the opinion on the draft central budget of Hungary 2025
- Half-yearly analyses of public finance developments
- A study related to the 2024 budgetary processes for the publication of the book edited by the Hungarian Economic Association and the Fiscal Council, presentation of this study for the joint conference of the Hungarian Economic Association and the Fiscal Council
- Limitations of the GDP indicator in capturing the qualitative characteristics of economic development
- Analysis for the three-year outlook
- Analysis of factors affecting the evolution of the government debt indicator

3.2. for the MNB

- Budget reports
 - o Analysis of the 2025 budget bill
 - o Half-yearly analysis of public finance developments
- Summary study on the 2024 budget process for the publication edited by the Hungarian Economic Association and the Fiscal Council
- "Macroeconomic and Fiscal Outlook" presentation for the joint conference of the Hungarian Economic Society and the Fiscal Council
- Analysis of the change in government debt, decomposition of the causes of change
- Analysis for the three-year outlook

- Forecast of expected changes in own funds to form the Opinion on the capital position of the Magyar Nemzeti Bank
 - MNB monthly analyses of budgetary developments in January 2024 - December 2024
 - MNB other analyses
- 3.3. consultation of the SAO and the MNB on their analyses, as intended by the SAO and the MNB KT

Deadline: ongoing

Responsible for preparation: head of the FC Secretariat

4. Additional tasks

- 4.1. Three-year outlook of the Fiscal Council on macroeconomic and budgetary developments

Deadline: for expert work: 15 December 2024.

for adoption by the Council: January 2025

Responsible: head of the FC Secretariat

- 4.2. The Fiscal Council may express an opinion [Article 23 (1) (d) to (e)) of the Stab. law] on proposals for amendments to laws affecting its remit (Stab. law, Áht. etc.) and on the basis of which the central budget is established, as well as on any issues related to the planning, implementation and other use of public funds.

Deadline: as appropriate

Responsible: for the preparation of the meeting and draft decisions by the Head of the FC Secretariat, for sending the Opinion, the Chair of the Council

- 4.3. Commissioning of research (as set out in the Annex) in support of the work of the Council on the following main topics

4.3.1. Budget

- a) For a semi-annual analysis of the implementation of the Budget Law,
- b) for the opinion on the draft budget bill 2025 and the three-year outlook (2025-2027) preparing background materials.

Research institutes and universities will focus on two or three areas, according to their choice agreed with the Council.

4.3.2. Economic and fiscal sustainability factors and indicators

- a) The impact of competitiveness on public finances
- b) Interaction between sustainable development and public finances
- c) Overview of macroeconomic and public finance indicators, and how to take sustainability into account

4.3.3. Evolution of the MNB's capital position

Deadline for contracts: as in the Annex

Responsible: head of the FC Secretariat

4.4 Holding a professional conference and publishing a conference booklet in Hungarian and English on the analyses prepared by the SAO and the MNB for the Council, as well as on the research commissioned from external bodies

Deadline: quarter IV 2024

Responsible: head of the FC Secretariat

4.5. Organizing professional events with research institutes and universities in connection with thematic studies prepared for the Council

Deadline: ongoing

Responsible: head of the FC Secretariat

4.6. Monitoring macroeconomic and public finance developments

Deadline: ongoing

Responsible: head of the FC Secretariat

5. International relations tasks

5.1. Participation of the Chair of the Council (occasionally the Head of the FC Secretariat) in the interannual EU and OECD technical forums of independent financial institutions (Fiscal Councils, IFIs)

Deadline: ongoing

Responsible for the preparation: the Head of the FC Secretariat

5.2. Participation of the Chair of the Council (occasionally the Head of the FC Secretariat) in the exchanges of experience/opinions of the European Network of Independent Fiscal Institutions (EUIFI)

Deadline: according to invitation

Responsible for the preparation: the Head of the FC Secretariat

5.3. Consultation with representatives of international institutions (European Commission, IMF, credit rating agencies, etc.)

Deadline: on request

Responsible: the Chair of the Council

6. Tasks of the FC Secretariat

The implementation of the Secretariat's tasks is organised by the Head of the Secretariat, under the direction of the President of the Fiscal Council. In this capacity, he/she prepares the meetings of the Board, takes the necessary consultations, drafts the decisions and documents to be issued by the Chair, coordinates the tasks, prepares draft opinions, decisions and reminders, ensures the mailing of approved documents and maintains the website.

Deadline: according to the rules of procedure, the terms of reference and the decision of the Chair of the Council

Responsible: head of the FC Secretariat

Adoption of the task plan

I ask the Fiscal Council to adopt the 2024 Work Plan, including the research plan in line with the tasks of the Council, as set out in the attached proposal for a decision.

Budapest, 21 February 2024.

Gábor Horváth
President of the Fiscal Council

Resolution No. 3/2024.02.21.

At its meeting on 21 February 2024, the Fiscal Council discussed and adopted the 2024 Work Plan, including the Research Plan, on the basis of a proposal by the President of the Council.

The Council invites its Chair to send the work plan to the President of Parliament.

Deadline: immediately

Responsible: the Chair of the Council

Annex: Research plan

Budapest, 21 February 2024.

György Matolcsy
Member of the Fiscal Council

László Windisch
Member of the Fiscal Council

Gábor Horváth
Chair of the Fiscal Council

FC Research Plan 2024

Topic/ Company	To order		Date of completion	Date of payment
	subject (title)	time		
I. Annual budget				
(a) a semi-annual evaluation of the implementation of the Finance Act	Macroeconomic, public finance situation A) about 2023 B) First half of 2024	Q1 2024	A) April 2024 B) September 2024	A) Q2 2024 B) Q3 2024
1. Hungarian Economic Research Institute				
2. Eco-Vista				
b) Opinion on the draft budget bill 2025 and the three-year outlook (2025-2027)	Macroeconomic, public finances, outlook	In line with the submission of the draft budget bill	April 2024 update for the three-year outlook October 2024	In line with the submission of the draft budget bill and the update of the three-year outlook
1. Kopint-Tarki				
2. BCE				
3. OG Research				
4. Makronóm				
II. The sustainability of public finances*				
1. Leadership	Sustainability, economy, society, public finances and competitiveness in Hungary	Q2 2024	Q3 2024	Q3 2024
2. GKI	The links between sustainability of public finances and healthcare	Q2 2024	Q3 2024	Q3 2024

* If the budget of the FC allows and the collaborating research institutions, additional universities have in-depth analysis and capacity in a sustainability related topic, an extension of the topics and a deadline could be considered.