

Pursuant to Article 45 of the Standing Orders of the Croatian Parliament („Official Gazette“, no. 81/13), the Croatian Parliament at its session held on December 18<sup>th</sup> 2013, adopted the following

## **DECISION**

### **ON THE ESTABLISHMENT OF THE FISCAL POLICY COMMISSION**

#### **I**

The Fiscal Policy Commission (hereinafter referred to as: the Commission), shall be established as a professional and independent body with an aim of improving the public finance system and of monitoring the application of the fiscal rules established by the Fiscal Responsibility Act, which will contribute to ensuring and maintaining fiscal discipline, transparency and medium- and long-term sustainability of public finances.

#### **II**

The Commission shall be chaired by the Chairperson of the Finance and Central Budget Committee of the Croatian Parliament, who shall also be its member.

The Commission shall consist of a chairperson and six members from:

- State Audit Office – one representative;
- Institute of Economics, Zagreb – one representative;
- Institute for Public Finance – one representative;
- Croatian National Bank – one representative;
- Faculties of Economics and Business – one representative;
- Faculties of Law – one representative.

Members of the Commission, except for the chairperson of the Commission, shall be appointed by the Croatian Parliament at the proposal of the Finance and Central Budget Committee, for the term of five years, and after the termination of their mandate they may be re-appointed.

Deputy chairperson shall be elected by the members of the Commission.

Members of the Commission shall be proposed to the Finance and Central Budget Committee by the institutions referred to in paragraph 2 of this item, as their representatives.

Members of Faculties of Economics and Business and Faculties of Law shall take turns in the operations of the Commission. In each term, one representative of different Faculties of Economics and Business and Faculties of Law of the Universities of Zagreb, Split, Osijek and Rijeka, shall be appointed.

The institutions referred to in paragraph 2 of this item shall propose as their representative a person with distinguished scientific and professional reputation, appropriate qualifications and level of education, and expert knowledge and professional experience from the field of fiscal policy, macroeconomics, economic policy and accounting. Members shall be obliged to behave in an exemplary manner so that they do not undermine their personal reputation or the reputation of the Commission, and so that they do not jeopardize independence, autonomy and impartiality in the performance of their tasks and when carrying out the duties of the Commission.

Other persons, without voting rights, may participate in the work of the Commission as well, and the decision on this shall be made by the Commission.

Members of the Commission shall operate independently in performing their work, in line with professional standards.

### III

Members of the Commission, except for the chairperson, may not at the time of their appointment and in the previous three years or during their membership in the Commission be members of any political party.

The Croatian Parliament shall, at the proposal of the institution the member is a representative of, relieve the member of the Commission from office prior to the expiry of the term for which he/she has been appointed:

- upon their own request;
- if a final conviction for a criminal offence is issued against them;

- if they permanently lose the ability to perform their duties;
- if during their term they are appointed or elected to the function or duty, which may influence their impartiality in performing the tasks of the Commission;
- if they stop working for the institution referred to in item II of this Decision, which they are the representative of.

The institution that has proposed the member of the Commission shall be obliged to inform the Croatian Parliament of the occurrence of the circumstances referred to in paragraph 2 of this item within 30 days after the occurrence thereof.

#### IV

Tasks of the Commission shall be the following:

- examining and assessing the application of the fiscal rule established by the Fiscal Responsibility Act in the draft state budget and financial plans of extra-budgetary users of the state budget for the budgetary year, and the projections for the following two years;
- examining and assessing the application of the fiscal rule established by the Fiscal Responsibility Act in the draft amendments to the state budget and to the financial plans of extra-budgetary users of the state budget;
- examining and assessing the application of the fiscal rule established by the Fiscal Responsibility Act in the draft semi-annual and annual report on the state budget execution and financial plans of extra-budgetary users of the state budget;
- examining and assessing the application of the fiscal rule established by the Fiscal Responsibility Act in the documents adopted by the Government of the Republic of Croatia, which are related to the process of the preparation of the state budget and budgets of local and regional self-government units and financial plans of extra-budgetary users and projections for the medium-term budget period;
- examining and comparing macroeconomic and budget projections with the latest available projections of the European Commission in the documents adopted by the Government of the Republic of Croatia, that is, proposed by the Government of the Republic of Croatia to the Croatian Parliament for the adoption thereof, which are related to the process of the preparation of the state budget and budgets of local and regional self-government units and financial plans of extra-budgetary users and projections for the medium-term budget period, and

- determination of the occurrence of a disaster or of the existence of major economic disturbances having a significant effect on the financial condition of the general budget, the consequence of which is a temporary postponement of the application of the fiscal rule, provided that this does not jeopardize the fiscal sustainability in the medium-term period.

## V

The Commission shall meet at least once every three months.

The Commission shall, during the performance of the tasks referred to in item IV, take valid standpoints by majority of votes of all members of the Commission.

Ministries and other central state administration bodies, as well as other budgetary and extra-budgetary users of the state budget shall be obliged to submit, at the request of the Commission, documents and data necessary for the Commission to carry out its tasks referred to in item IV of this Decision.

The Commission shall inform the Finance and Central Budget Committee of the Croatian Parliament on the standpoints taken during the performance of the tasks referred to in item IV of this Decision, and shall inform the public through publications posted on the web site of the Fiscal Policy Commission.

During the performance of the tasks referred to in item IV, indents 1, 2 and 3, the Commission shall be obliged to inform the Finance and Central Budget Committee of the Croatian Parliament on their standpoints before the discussion in the Croatian Parliament.

## VI

If the Commission establishes, in the standpoints taken during the performance of the tasks referred to in item IV indents 1, 2, 3 and 4, that the fiscal rule is not being fulfilled, it shall prepare the Report on that and submit it to the Government of the Republic of Croatia.

If the Commission determines the occurrence, that is, the existence of the circumstances referred to in item IV, indent 6, it shall prepare the Report on that and submit it to the Government of the Republic of Croatia.

The Government of the Republic of Croatia shall be obliged to propose, within 30 days after receiving the Report referred to in paragraph 1 of this item, the plan of necessary measures with deadlines for the implementation that shall lead to the fulfilment of the fiscal rule.

If the Commission, when comparing macroeconomic and budget projections with the latest available projections of the European Commission referred to in item IV, indent 5, determines significant discrepancies in the period of at least four subsequent years, it shall prepare the Report on that and submit it to the Government of the Republic of Croatia.

The Government of the Republic of Croatia shall be obliged, after receiving the Report referred to in paragraph 4 of this item, to comply macroeconomic and budget projections with the latest available projections of the European Commission, in the documents adopted by the Government of the Republic of Croatia, that is, proposed by the Government of the Republic of Croatia to the Croatian Parliament for the adoption thereof, which are related to the process of preparation of the state budget and of budgets of local and regional self-government units, and of financial plans of extra-budgetary users and projections for the medium-term budget period.

## VII

Members of the Commission shall be remunerated for their work in the Commission and they shall be entitled to the reimbursement of travel costs in the amount of real costs or the reimbursement of costs for using a private car for official purposes and the reimbursement of costs of overnight stay in the amount of real costs, as regulated for the users financed from the state budget funds.

The level of the remuneration and reimbursements referred to in paragraph 1 of this item shall be determined by the Elections, Appointments and Administration Committee of the Croatian Parliament.

The funds for the work of the Commission shall be provided in the state budget on the positions of the Croatian Parliament.

## VIII

The way in which the Commission is to operate shall be regulated by the Rules of Procedure to be adopted by the Commission.

## IX

The Croatian Parliament shall appoint the members of the Commission referred to in item II of this Decision within 90 days after the day of entry into force of this Decision.

Until the appointment of the members of the Commission referred to in item II of this Decision, the Fiscal Policy Committee established by the Decision of the Government of the Republic of Croatia on the establishment of the Fiscal Policy Committee (Official Gazette, no. 40/2011) shall continue to operate.

## X

This Decision shall come into force on the day of its adoption, and it shall be published in the „Official Gazette“.

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Zagreb, December, 18<sup>th</sup> 2013

CROATIAN PARLIAMENT

Speaker of the Croatian Parliament

Josip Leko, m.p.