

STRUCTURAL CHANGES IN THE HUNGARIAN STATE AND THE PUBLIC ADMINISTRATION

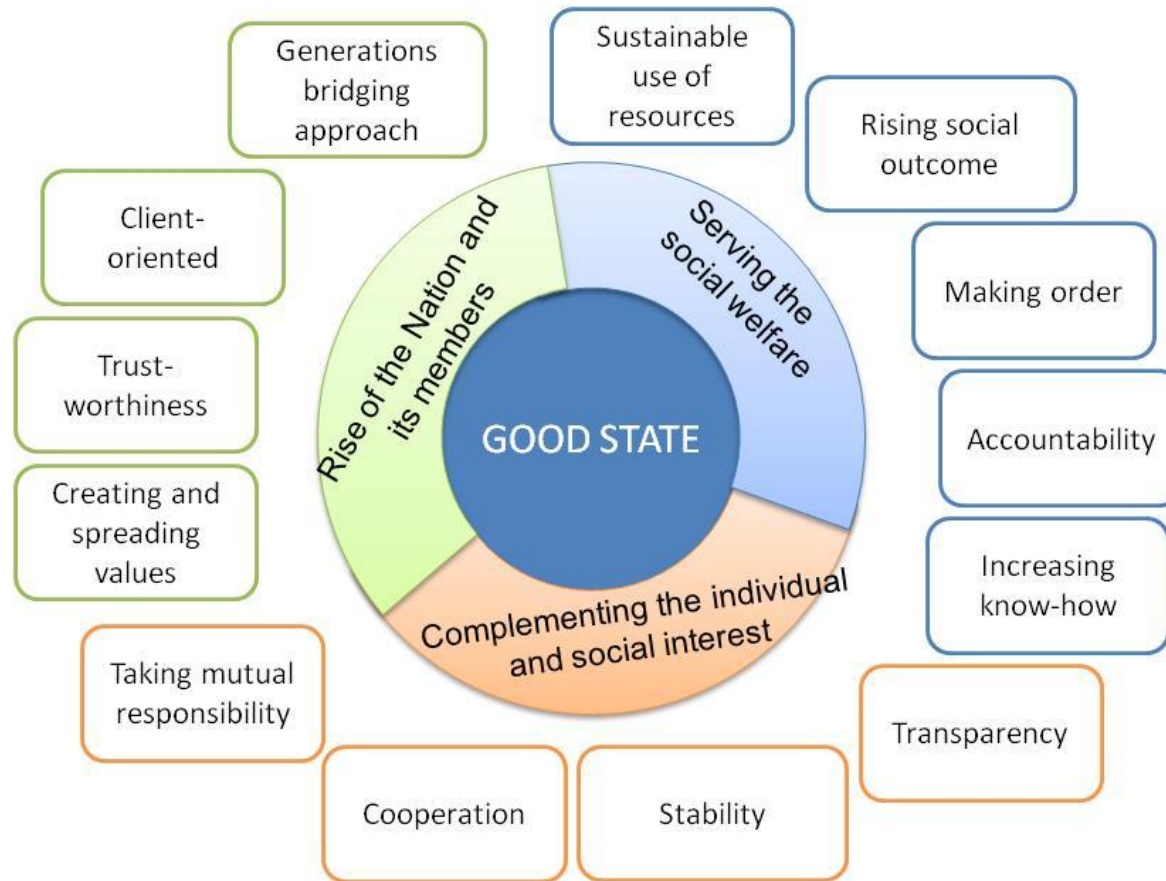
Dr. András Levente Gál

Government Commissioner for Cooperation in the Implementation of
the Good State Development Concept

Budapest, 14th February, 2012



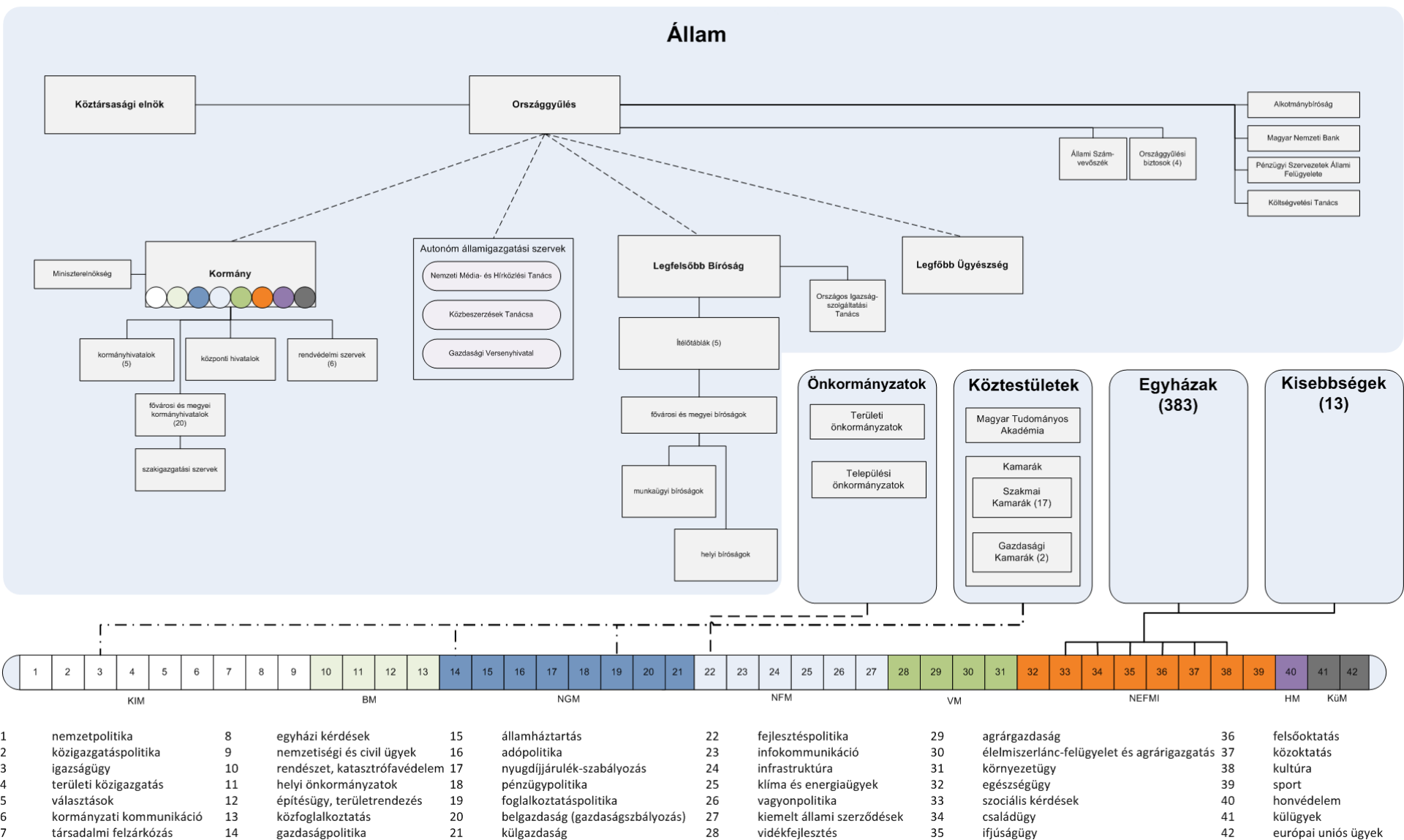
Our vision: to create a Public Administration that underpins the Good State



For switching to a path with higher economic growth **we need not only good will, but cooperation and a consensual planing that spans over generations!**

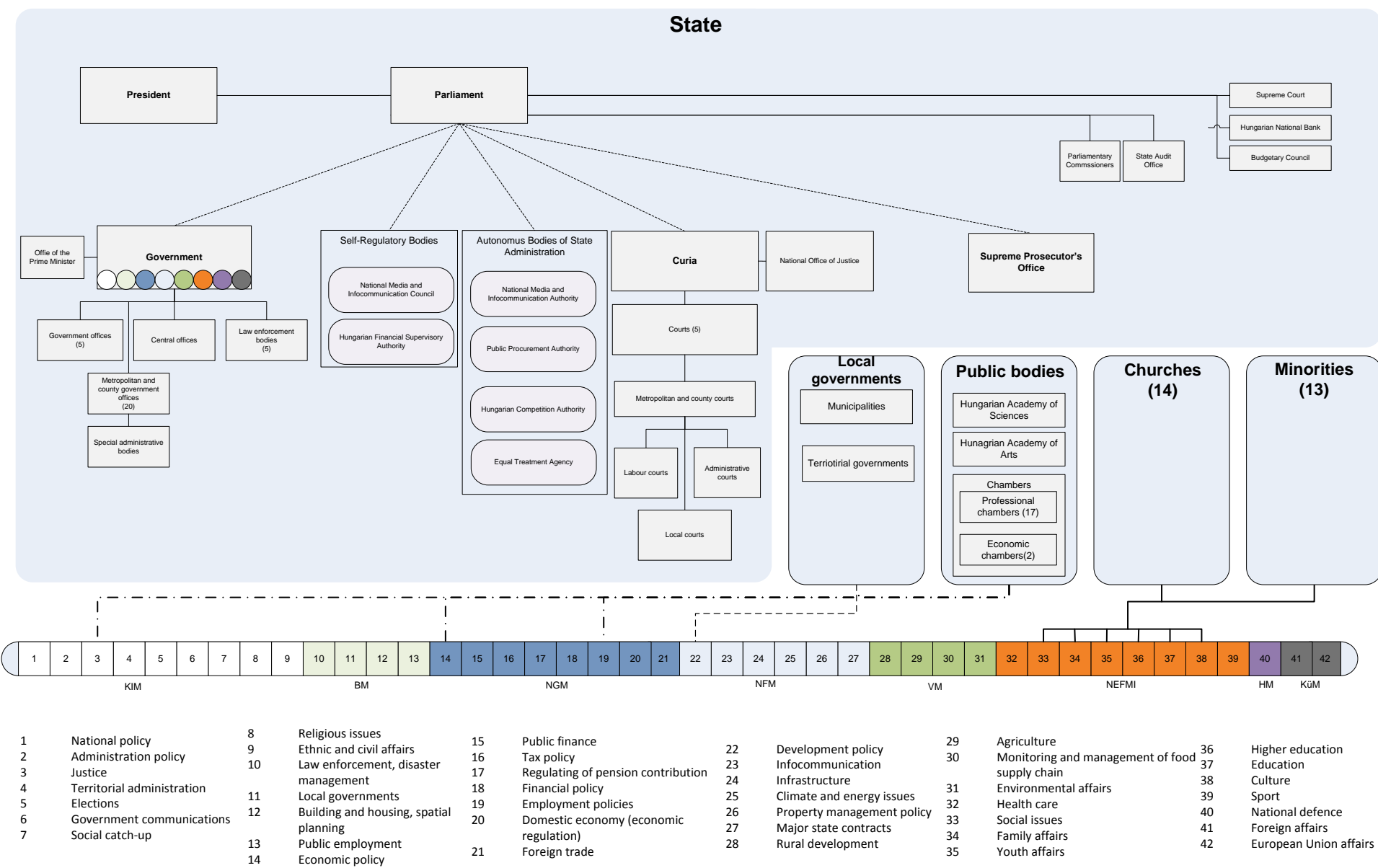
New Constitution (Fundamental Law): the state's structure before it's adoption

A magyar államszervezeti és társadalmi berendezkedés vázlata 2011



New Constitution (Fundamental Law): the state's structure after it's adoption

The Hungarian State in 2012



New Constitution (Fundamental Law): new elements

New, innovative parts of the Fundamental Law:

- ✓ Ensuring a high level of environmental protection and obligation for keeping a sustainable development path (Hungary even has to take its part for achieving the sustainable development of humanity)
- ✓ Protection of the rights of people living with disabilities
- ✓ Providing wide ranging rights for minorities (nationalities)
- ✓ Protection of the Hungarian sign language
- ✓ Emphasizing the right to access to public authorities and in general to public services
- ✓ The State shall strive to use the latest technological solutions to make its operation efficient, raise the standard of public services, improve the transparency of public affairs and to promote equality of opportunity
- ✓ Determining the principle as well as the detailed constitutional requirement of balanced, transparent and sustainable budget management, rules for reducing state debt
- ✓ Providing constitutional basis for the independence of National Authority for Data Protection and Freedom of Information
- ✓ Declaring that both the national socialist and the communist dictatorships during the last century caused inhuman crimes for the Hungarian citizens

II. Reform of the Public Administration (Magyary Programme)

Slogan: *"for the benefit of the country and to serve the public"*

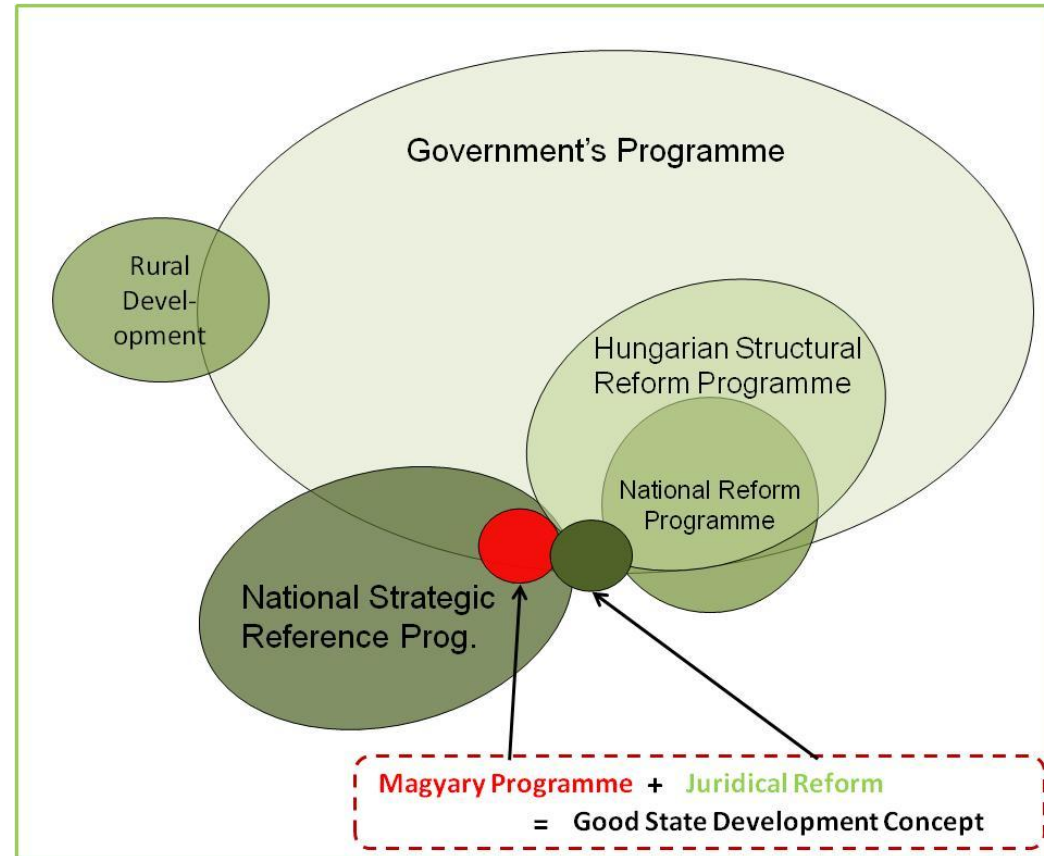
Overall Objective: to reach an efficient and effective national public administration

Four areas of intervention:

- organisation
- tasks
- procedure
- personnel

Resources: partly financed by EU Funds State Reform OP (ESF) and Electronic Administration OP (ERDF)

Duration: until 2014



Magyary Programme implementation - organisation

Achievements:

- Simplified organisational system: by the end of 2011 the total number of organisations was reduced from 649 in 2010 to 318 (primarily due to the scrapping and integration of public foundations and public administration bodies)
- Territorial state administrative bodies were concentrated in a single agency at county level. Ensuring a unified internal functioning of this new office will be the greatest challenge for the coming years
- One stop shops were created for the citizens (Government Windows)
- The operation of health care, education, cultural, and social institutions and archives was transferred to the state level from county local governments
- More efficient locations of governmental bodies generated savings amounting to HUF 700 Million (EUR 2,3 Million) in the first year alone

Magyary Programme implementation - tasks

Achievements:

- The first two phases of the deregulation program have been completed after reviewing 4140 parliamentary and government decisions
- New acts use the principle of content deregulation, meaning that legislation will only regulate issues which specifically require legislative regulation (laws will be significantly shorter and easier to understand)
- We have established the Registry of Government Tasks which will be gradually filled up with the full range of government tasks which will be allocated to the appropriate organisations and task related budgets
- The government bodies were reviewed, as a result of which out of 259 active bodies with government participation 14% were terminated; rules were simplified for 128 bodies and it was possible to cancel government participation in case of 20 bodies (20%)

Magyary Programme implementation - procedure

Achievements:

- A new impact assessment system has been introduced in order to have a better preparation of legislative acts
- A Simplification Plan was approved in order to decrease the administrative burden on citizens – 228 procedures will be simplified by the end of the year
- The new Acts on Public Procurement and Public Finance entered into force in 2012, making regulations shorter and more transparent

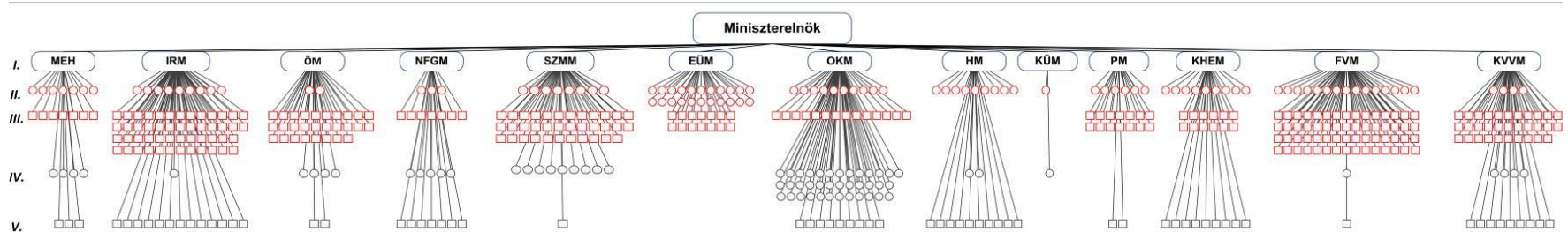
Magyary Programme implementation - personnel

Achievements:

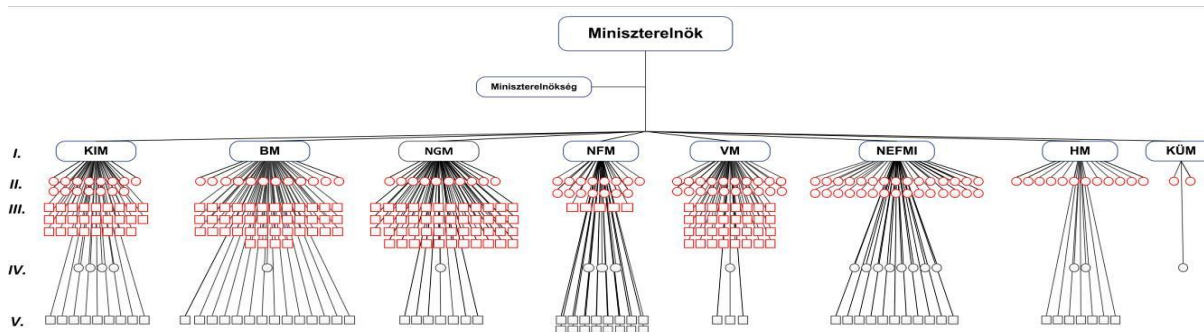
- A new, interoperable career system has been created for the three major branches of public administration (defence, law-enforcement and civil servants). The new system is based on a single set of principles
- The new Civil Service Act will enter into force on March 1, with new rules on selection of civil servants, performance evaluation, employment related allowances and the legal framework for experts working abroad
- The National Public Service University was set up to create the basis for future well-educated civil service
- The Hungarian Public Administration Grant was set up, where more than 150 young people could gather experiences in a lot of European countries

Simplifying the structure of the state administration

As of 1st May, 2010:



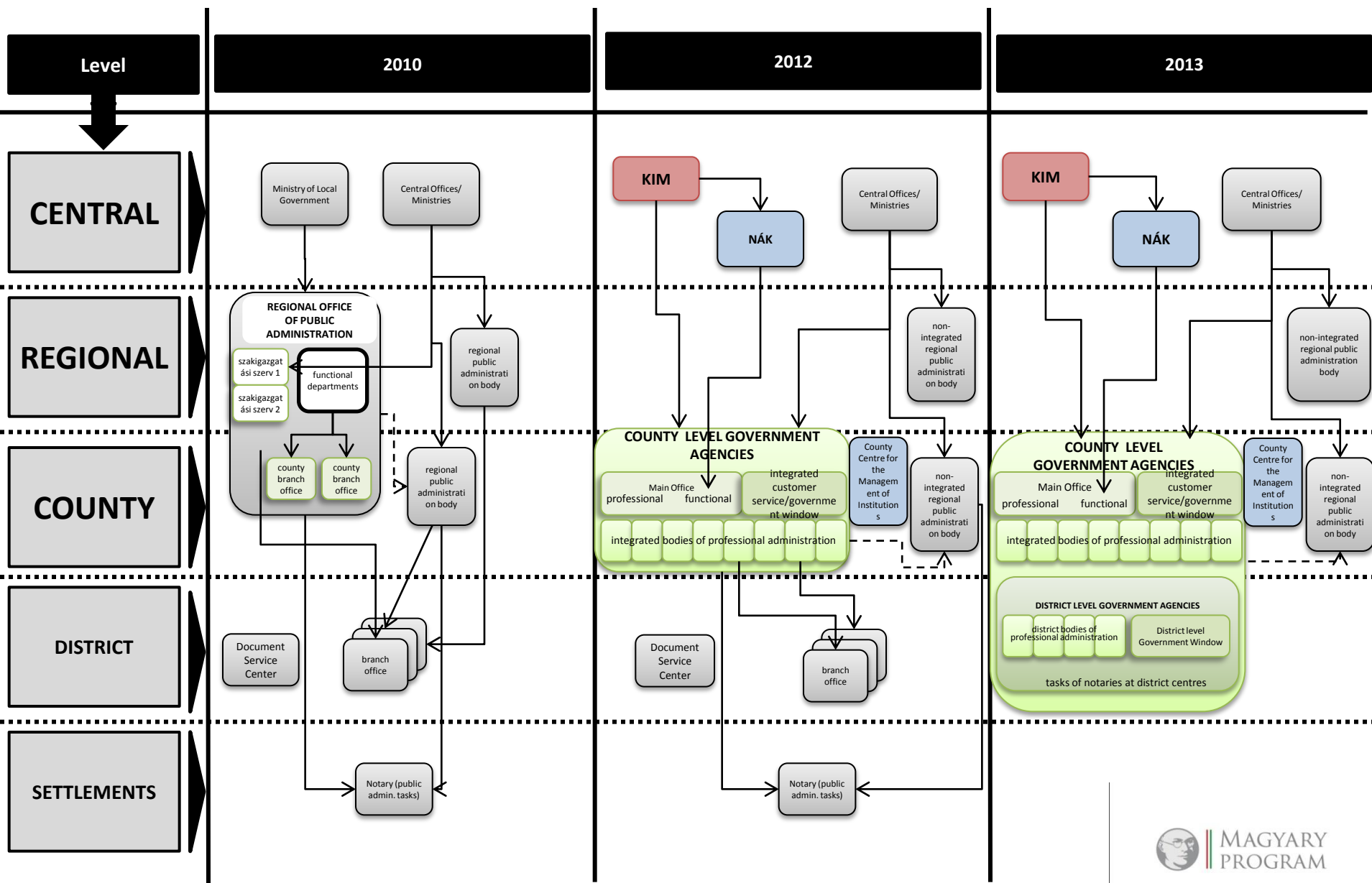
As of 1st January, 2012:



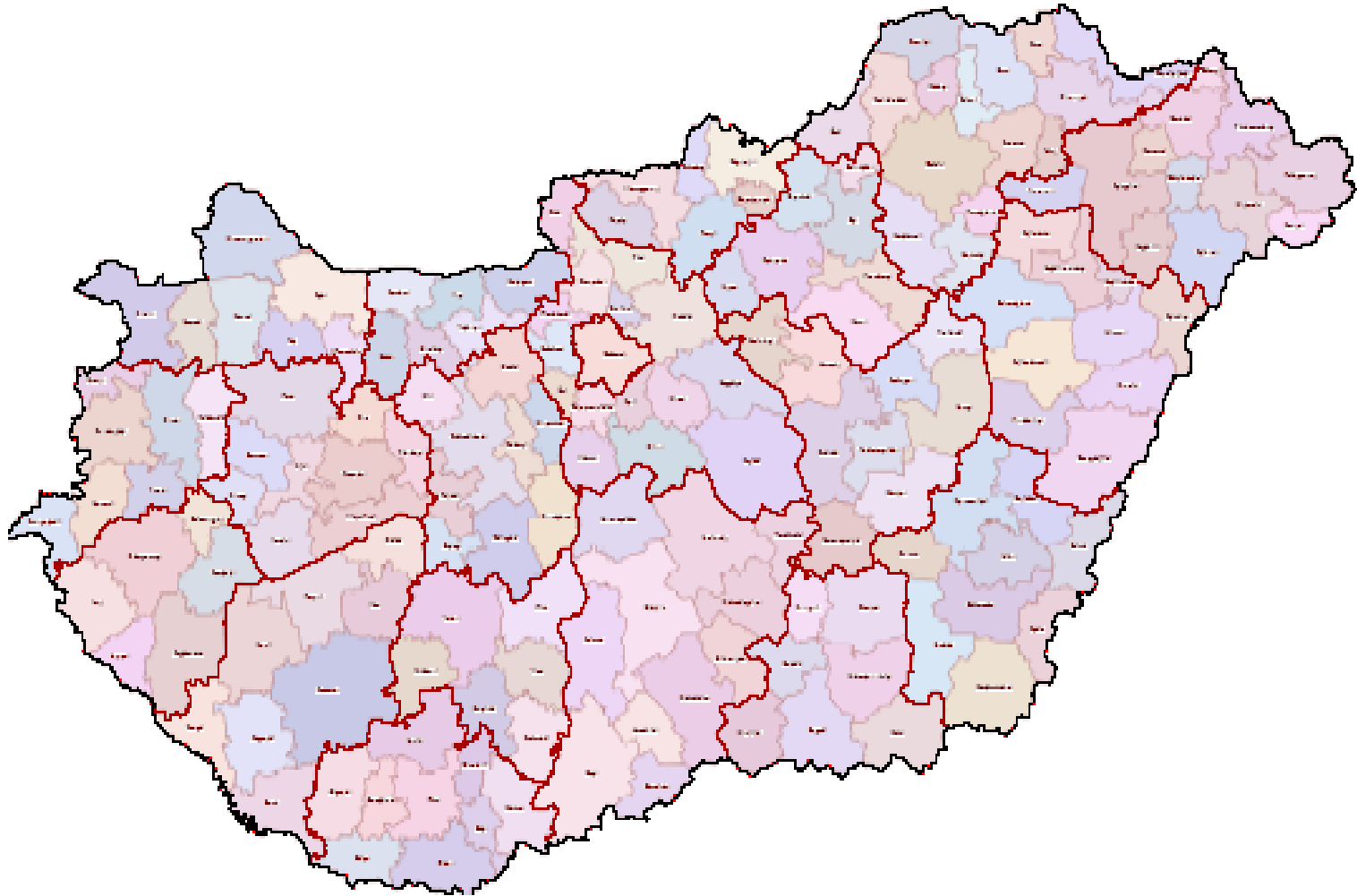
Legend

- I. level: Ministries
- II. level: other agencies with nation-wide competencies
- III. level: territorial agencies
- IV. level: state owned foundations
- V. level: state owned firms

Transforming Territorial State Administration



Hungary's System of Districts (draft)



168 districts are planned to be
set up in 2013



MAGYARY
PROGRAMME

Location of Government Windows

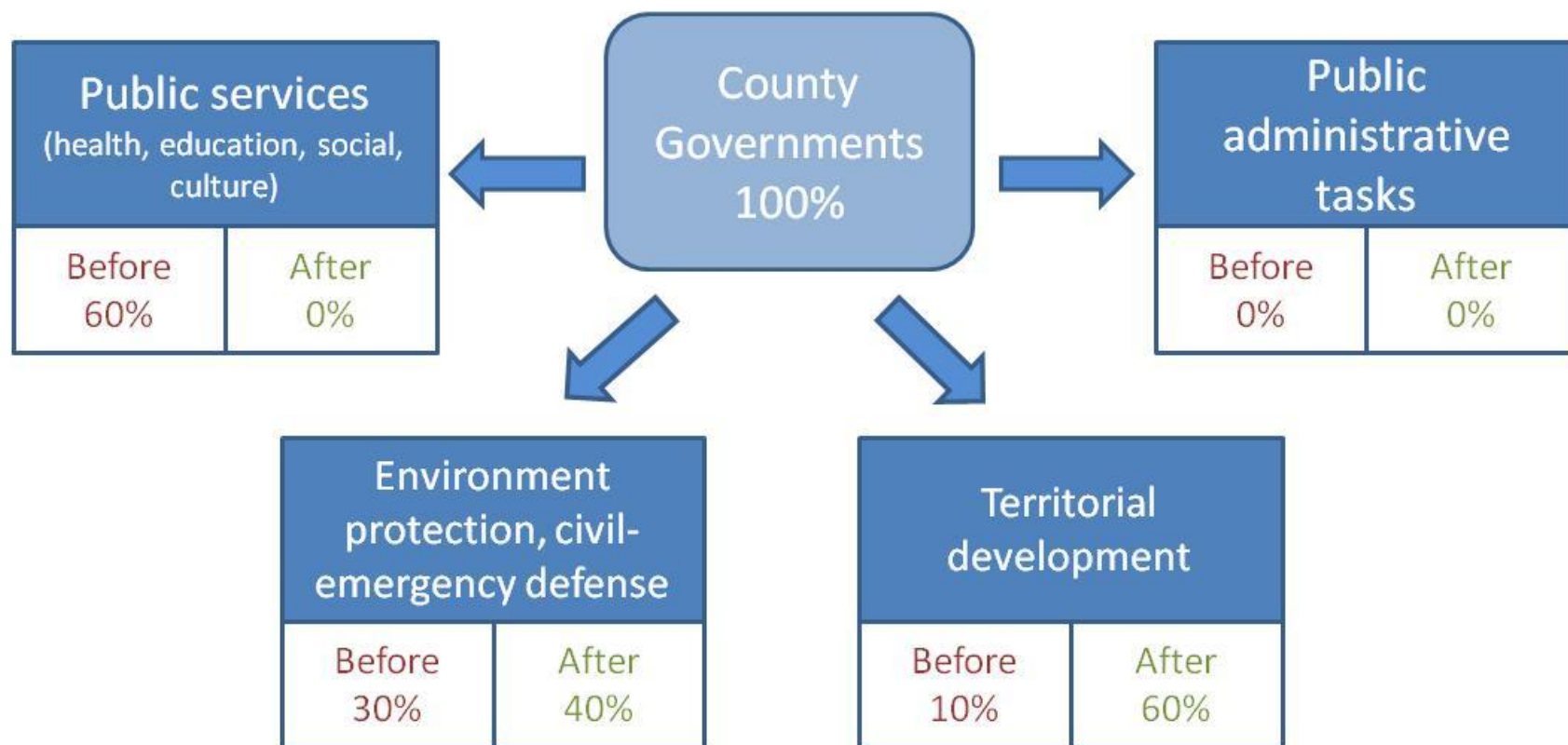


III. Changes in the provision of public services at county level

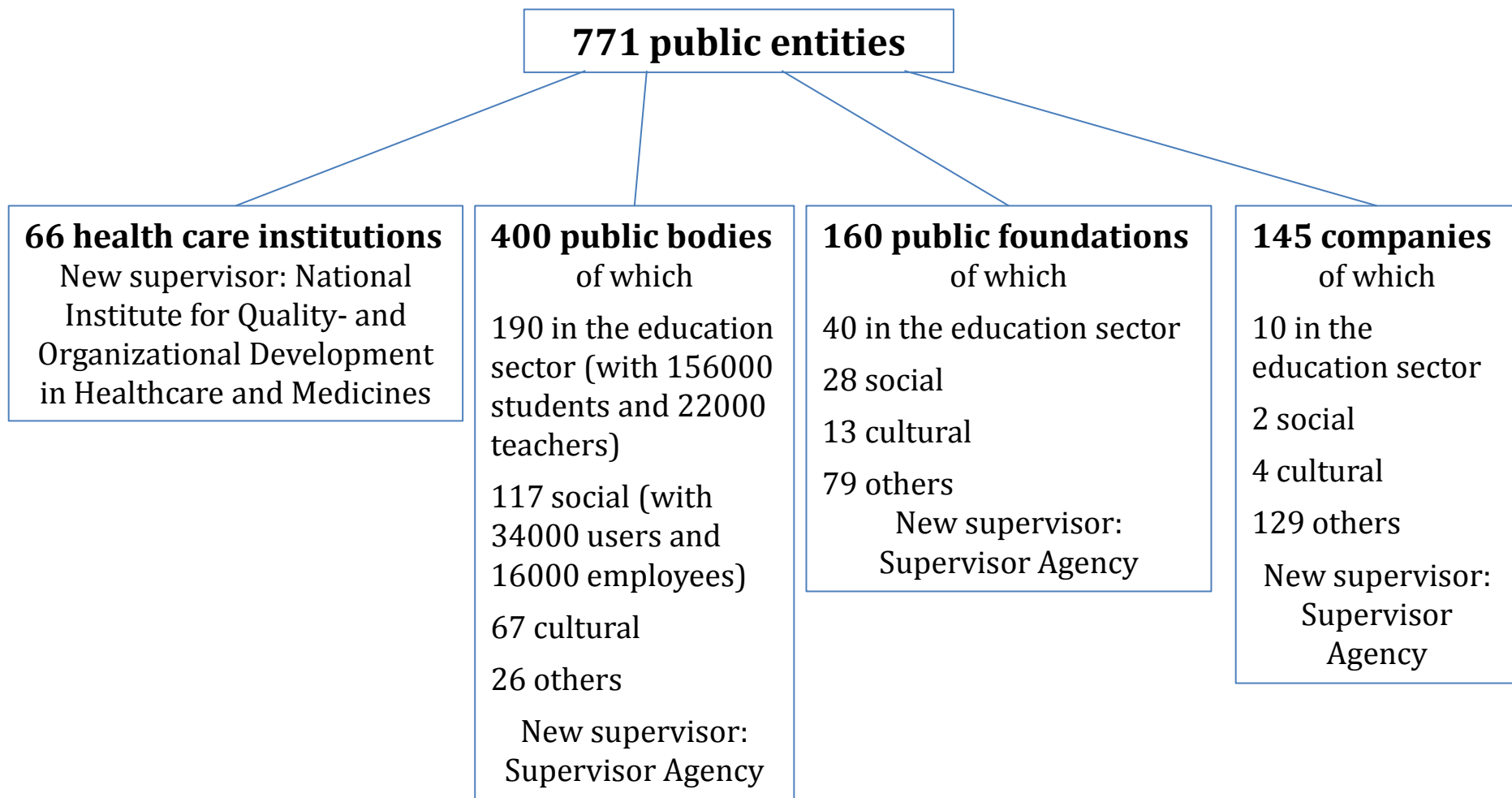
There was a need to have a change in the provision of public services at county level for the following reasons:

1. Achieving a sustainable budgetary position for the county governments: until 2011 the debt ratio compared to the total annual revenues of the county governments reached nearly 40% and the increase in the debt ratio became higher and higher. Without intervention in 2 years time the counties would had stuck in a debt-spiral
2. Increasing the efficiency of the provision of some public services:
 - in average the counties provide middle-level quality services at high costs
 - there are big territorial indifferences in the quality of services, that hinders regional competitiveness of the affected counties
3. Many institutions suffer from serious debt problems even after receiving financial support from the state in previous years

Main tasks of the counties before and after the consolidation



The affected public services and entities



The Supervisor Agencies

1. Main task

There are 20 Supervisor Agencies in each county. They functionally manage all supervised entities (705) – the sectoral policy in each sectors is formed by the relevant ministry (as it was before)

2. Staff

The civil servants previously worked for the office of the county government in the affected sectors and the employees working in the newly set up functional unit

3. Annual budget

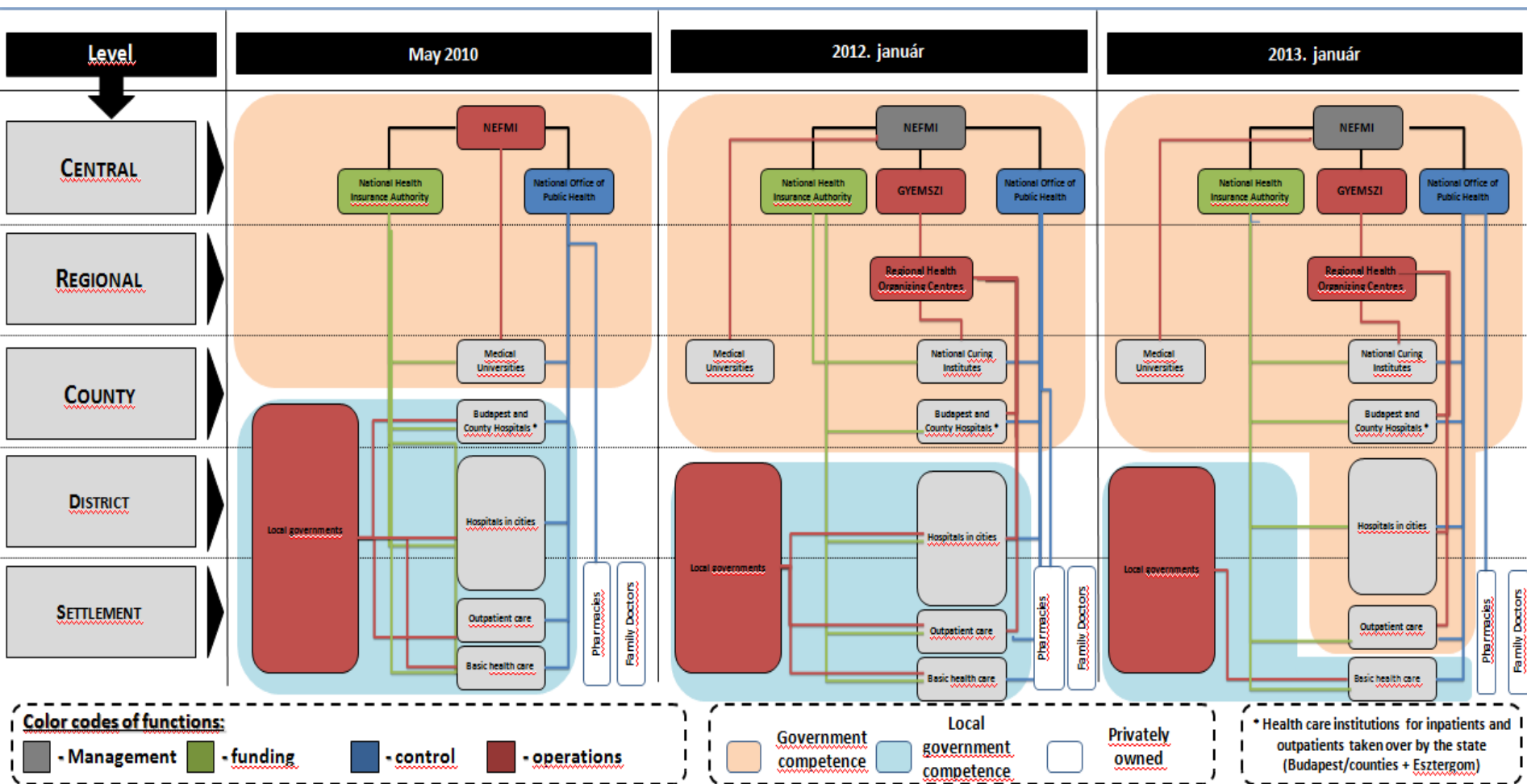
HUF 100 Billion (EUR 333 000 000)

4. Priorities for 2012

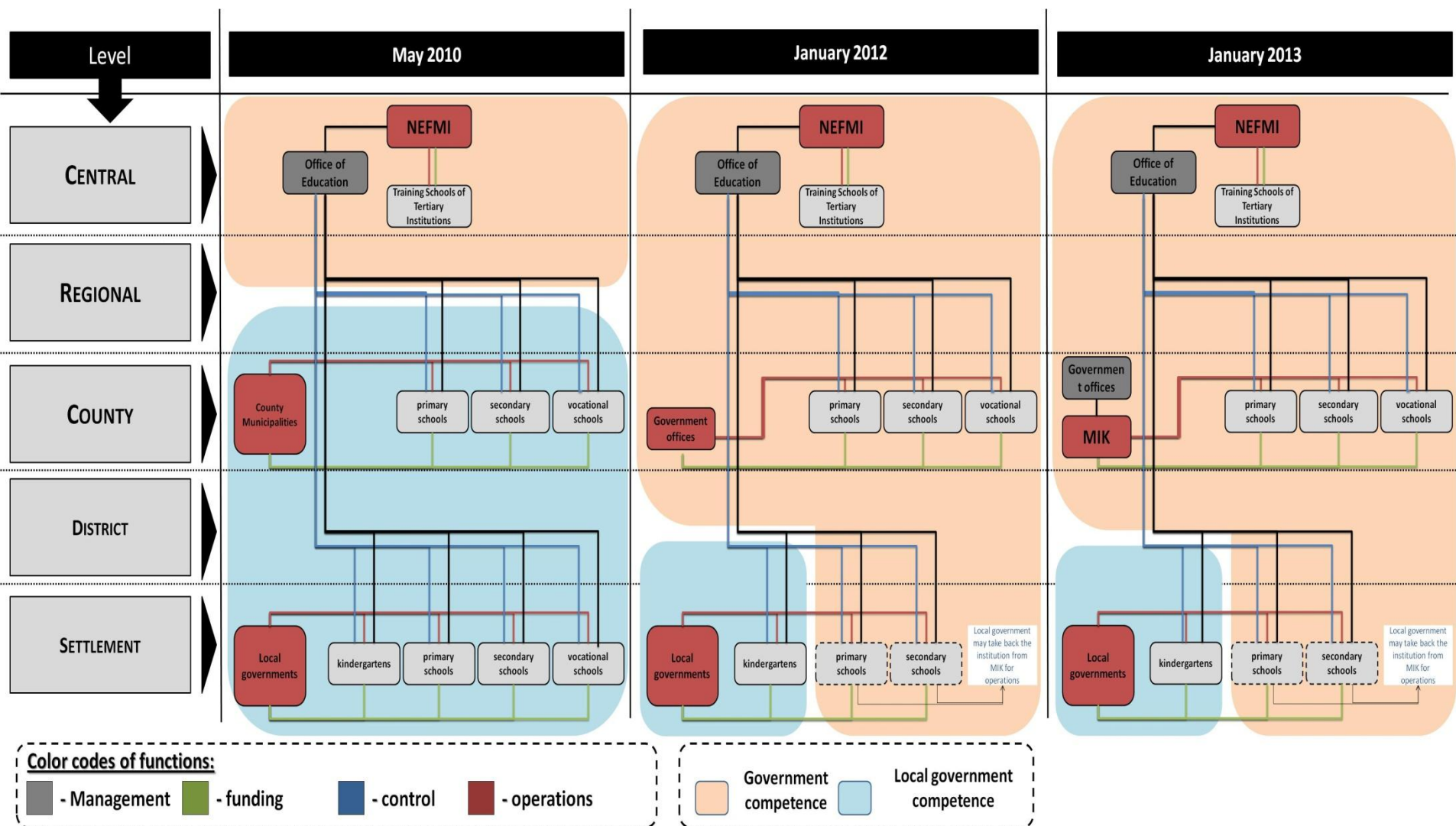
- ✓ The rationalization of the supervised entities with a special focus on efficiency and setting up uniform working methods
- ✓ Each supervised entity will keep its own legal personality and own decision making power in professional questions



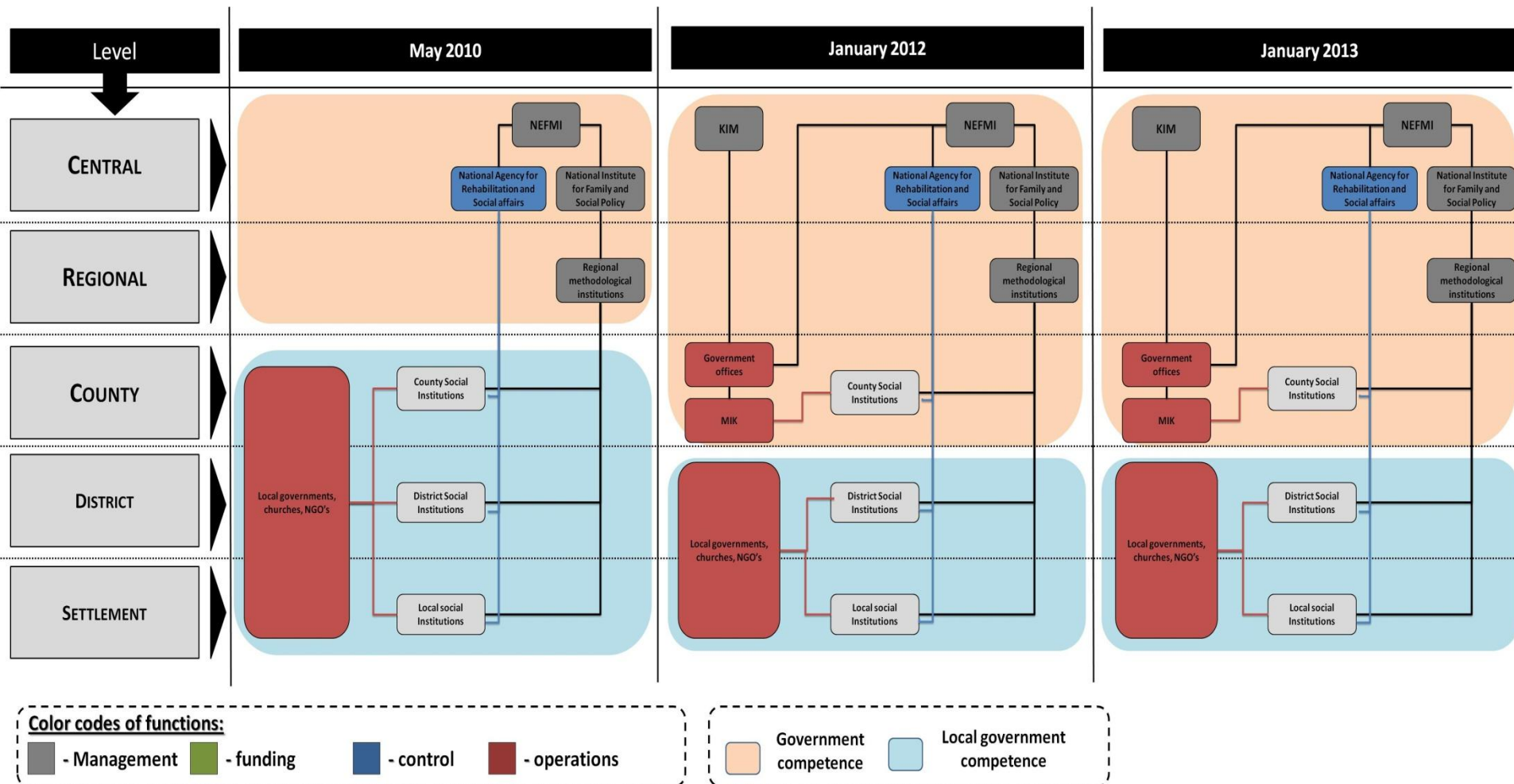
Transformation of the Health Care Institutions



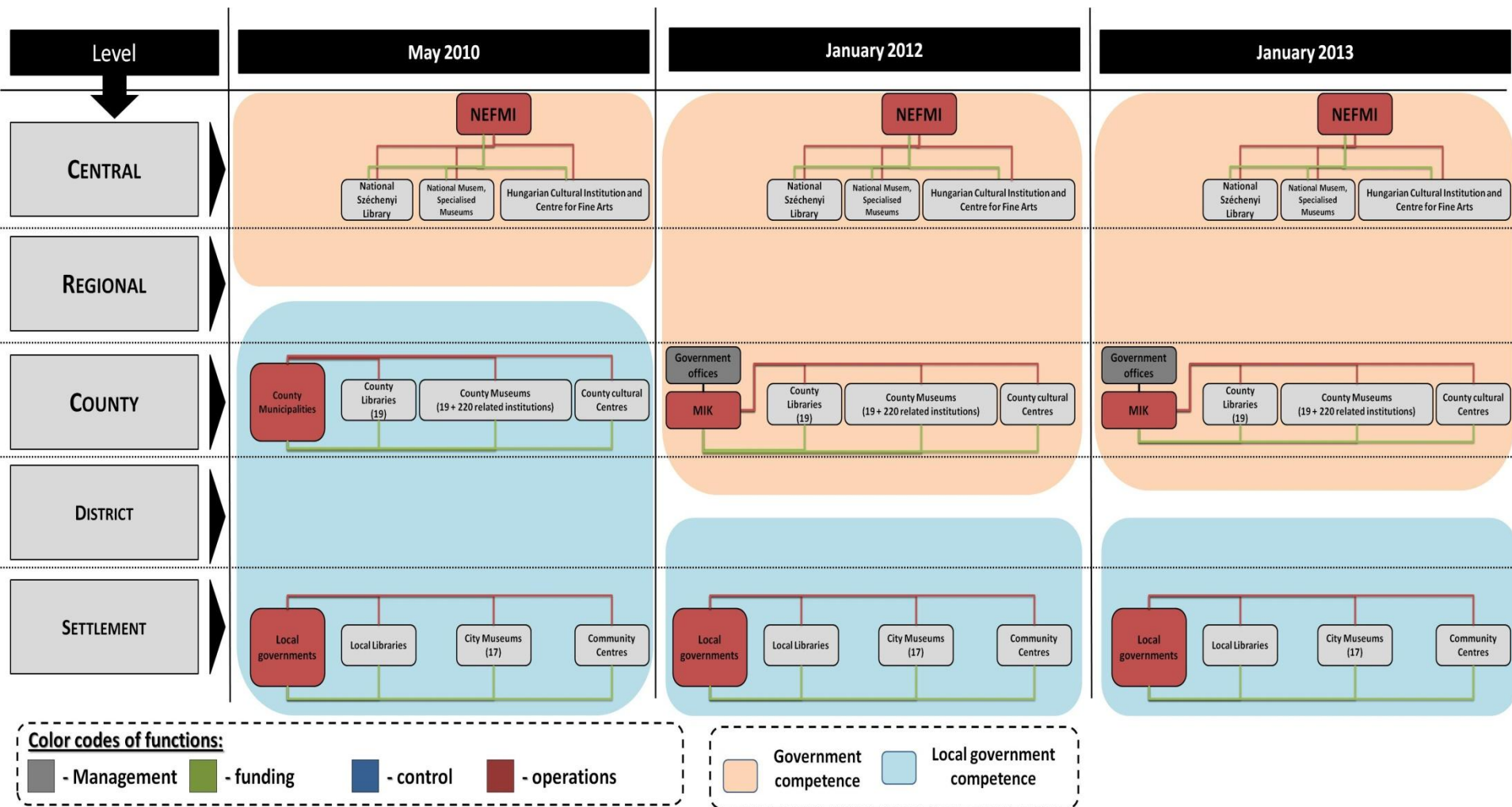
Transformation of the Public Education



Transformation of the Social Institutions



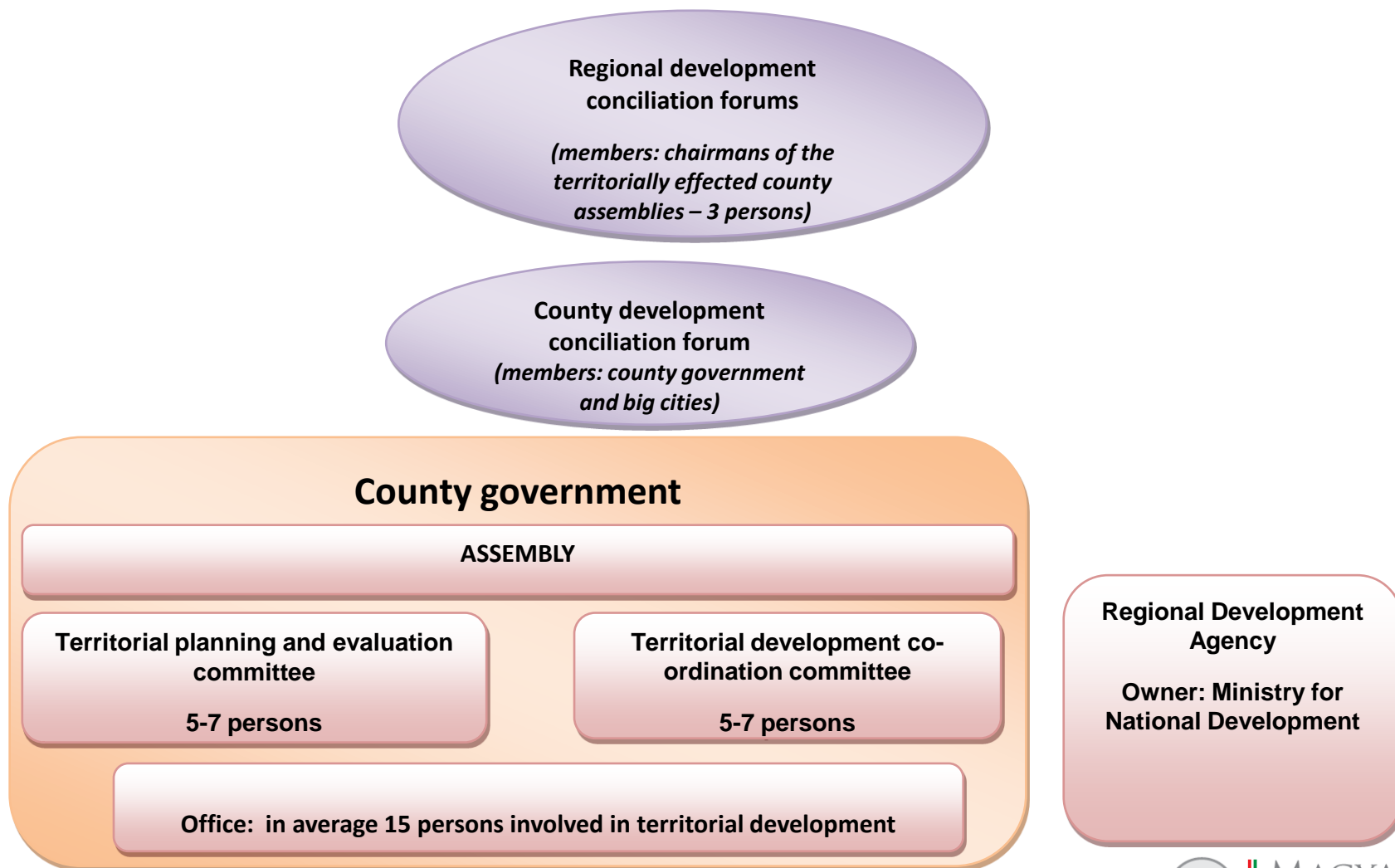
Transformation of the Cultural Institutions



IV. Impacts on the regions

1. The territorial development function was put to the county governments from the regional development councils – the reason for this is that they are elected bodies so they have political responsibility
2. The former non-elected regional development councils were transformed into regional development conciliation forums. These forums represent the regional level development interests in the territorial development policy-making and implementation
3. The regions are represented in the Monitoring Committee by a representative of the regional development conciliation forums
4. The regional development agencies are owned by the Ministry for National Development – they fulfil the tasks of the intermediate bodies of the Regional OPs

IV. New institutional structure of the regions



Transformation of the Territorial Development Institutions

