

HUNGARY

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General situation in terms of territorial organisation

The Hungarian public administration is a dual system, consisting of a hierarchical state administration and the system of local government. The former is divided into three tiers: central, county and district level. The central government has a complex organisational scheme constituted by ministries, 'central offices', 'independent regulatory agencies', 'autonomous state administration units' and a network of various decision-making or consultative bodies all have different legal or administrative status.

The centrepiece of the middle-level state administration is the county. Both the territorial bodies of the central government with general competence ('capital and county government offices') and the sector-oriented deconcentrated units of the ministries are usually located in the counties. Although most territorial bodies of state administration were integrated into the county government offices in the last few years, the counties are not regarded as 'administrative regions', because, on the one hand, there are some county-level organisations of state administration under the direct subordination of their own central authorities, and on the other, the administrative territory of some special organs of state administration (like environment protection, water management) cross the county borders.

In 2012, new legislation established 175 district administrative offices in the country, and 23 in the capital city. Almost half of the previously delegated powers were taken over from the municipalities by these administrative units.

Hungary has a two-tier local government system, consisting of the municipal and county self-governments. The country is divided into 19 counties,⁴⁰ which represent the middle-level of public administration. All counties have a representative body elected by universal and equal suffrage in a direct and secret ballot.

In the Hungarian context, the counties are regarded as middle-level administrative units between the central and local governments. In Hungarian terminology the county is below the regional level, as 'regions' should have a larger territory. In the 1990s, during the period of the preparation of Hungary for EU membership, counties were classified as NUTS III units, but it was widely held that they are too small for regional planning and absorbing the expected EU funds. Therefore Act No XXI on regional development and regional planning of 1996 allowed the counties to create, on a voluntary basis, so-called regional development councils. As a next step, Act XCII 1999, for planning, programming, financing and supervising of EU funded regional development policies, established larger units, setting up seven so-called 'planning-statistical regions'. These were:

- West Trans-Danubia (Győr-Moson Sopron, Vas, Zala counties),
- Central Trans-Danubia (Veszprém, Fejér, Komárom-Esztergom counties),
- South Trans-Danubia (Baranya, Somogy, Tolna counties),
- Central Hungary (Budapest Capital and Pest county),
- North-Hungary (Heves, Nógrád, Borsod-Abaúj-Zemplén counties),
- North Great-Plain (Jász-Nagykún, Hajdú-Bihar, Szabolcs-Szatmár-Bereg counties),
- South Great-Plain (Bács-Kiskun, Békés, Csongrád counties).

Between 2002 and 2010 the government developed a regionalisation policy in order to replace county governments with newly established regional governments (also concentrating state administration on regional centres in parallel), but this reform failed (see the Overall Assessment below), and the regionalisation process was removed from the political agenda.

Thus the counties provide the territorial framework for the middle-level administration in Hungary, and in the absence of any other intermediary administrative level, they are classified as 'regional' units.

⁴⁰ In addition, according to the law, the municipality of the capital city of Budapest is simultaneously a municipal and a territorial self-government. But this report does not discuss this municipality.

Number of municipalities in the counties (2013.01.01.)

	Capital	Towns with county rights	Towns	Large villages	Villages	Total
Budapest	1	-	-	-	-	1
Pest	-	1	47	22	117	187
Fejér	-	2	13	12	81	108
Komárom-Esztergom	-	1	10	3	62	76
Veszprém	-	1	14	2	199	216
Győr-Moson-Sopron	-	2	9	5	167	183
Vas	-	1	11	1	203	216
Zala	-	2	8	2	246	258
Baranya	-	1	13	3	284	301
Somogy	-	1	15	2	228	246
Tolna	-	1	10	5	93	109
Borsod-Abaúj-Zemplén	-	1	27	9	321	358
Heves	-	1	8	4	008	120
Nógrád	-	1	5	-	125	131
Hajdú-Bihar	-	1	20	10	51	82
Jász-Nagykun-Szolnok	-	1	19	5	53	78
Szabolcs-Szatmár-Bereg	-	1	16	16	186	229
Bács-Kiskun	-	1	21	7	90	119
Békés	-	1	20	9	45	75
Csongrád	-	2	8	4	46	60
Total	1	23	304	121	2706	3154

Constitutional and legislative bases of regional government

The existence of county governments is indirectly recognised by the Fundamental Law of 2011 (the constitution); the constitution contains provisions only on the timing of local elections, and determines the method of electing the president of the county representative body. Thus, the general elections of local government representatives, including the members of the county representative body, must be held in the month of October of the fifth year following the previous local elections. Moreover, the president of a county representative body is elected by the county representative body from among its members for the term of its

mandate, that is, for five years. It is to be noted that the population of the so-called 'towns with county-rights' (usually the largest city in each county) are not represented in the county assembly, as they vote only for their own municipal government.

While the constitution does not define the county self-governments, specific rules are provided by the cardinal law⁴¹ on local authorities, the Act on Local Governments of Hungary No. CLXXXIX of 2011 (hereinafter: LGA). According to this law, the county government (similarly to the municipal governments) is the 'right of the community of voters' in the respective county. The counties are regarded as territorial (regional) self-governments. All of them are in an equal position and have the same responsibilities.

Autonomy

Apart from the constitutional and legislative recognition of the county governments, there is no legal guarantee of their autonomy. By analogy, they enjoy the same 'rights' as the municipalities, but even if this is the case, this has not too much relevance, since they do not have significant income or property and by and large perform only formal functions. They simply do not have sufficient financial resources and administrative capacities to determine public policy or to play a significant role in determining national public policies.

They have no powers over the municipalities within their territory, do not provide any services for them and do not contribute to their revenues.

Figure 1: The borders of the existing counties



County governments do not have any taxation power. Thus, they do not meet the requirement of Article 9, Section 3 of the European Charter of Local Self-Government requiring that 'part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate'.

Nevertheless, counties are able to enjoy some 'rights', as they have the power to cooperate with local governments or other counties. They may establish or join associations for promoting their own interests. At the moment, they are represented by the National Association of County Governments, one of the seven national associations of local authorities.

⁴¹ In Hungary, 'cardinal laws' must be approved by Parliament by a qualified majority (two-thirds majority of all elected MPs).

Framework of county government

Institutional and administrative organisation

As to the internal organisation of the county governments, the LGA provides that the representative body is the major decision-making organ of the counties, while the president of the county assembly chairs the body.

County governments have an office led by the chief administrator who, after submitting an application, is appointed by the president of the representative body. On average, 20-25 civil servants work for these executive offices, in accordance with the insignificant responsibilities of the county governments. The offices have usually three to four departments for legal affairs, regional development or for other so-called 'functional' tasks.

Whereas until 2012 counties maintained a whole range of public service institutions, they have no such institutions anymore, apart from one or two small units in conjunction with their planning and development functions.

Competences

With regard to the tasks and functions of the county governments, the LGA declares only that, within the limits of law, they have regional development, rural development, land management and coordination tasks. However, neither the constitution, nor the LGA defines the county governments, since neither of them provide guarantees for the counties.

Although neither the LGA nor the Act on Law-Making No. CXXX of 2010 explicitly empowers county governments to issue county decrees, they traditionally have this power. However, they do not have any significant regulatory powers; usually they issue decrees on their regional development plans, the awards and symbols of the county and their own budgets and internal organisation.

At the moment, the LGA lists the responsibilities of the county governments as follows:

- territorial and rural development;
- spatial planning; and,
- territorial coordination.

The Regional Development and Planning Act No. XXI of 1996 also highlights their function of regional development and planning 'at county level'. In 2012 the counties took over the functions of the regional development councils, just after these councils had been abolished.

In practice, county governments approve the long-term regional development policy as well as the regional plans of the county, and express their opinion on the plans concerning their area of jurisdiction. They prepare also the financial plans for the implementation of the development programmes and conclude agreements with the ministries concerned on the financing of the individual county development programmes. The county governments decide on the use of funds allocated to their competence and on the implementation of development policies within the framework of a competitive system, taking into account the regional development policy of the county.

Financial autonomy

When the central government took over all public institutions from the county governments, the latter also lost the greater part of their former resources. At the moment, almost all revenues of the counties come from the state budget. As mentioned above, they have no taxation powers, and they no longer have any revenue from duties and fees paid for public services. Furthermore they no longer receive any income from shared taxes. They just receive grants for their current expenditure, and subsidies for any specific development programmes that they manage.

Under these circumstances, their financial autonomy is very limited; they may approve and manage their own annual budgets, for example. Notwithstanding, they have no real possibilities for raising their own revenues.

Relations with other levels of government

As the major tasks and functions of the counties have shifted towards regional planning and development, their links with the various line ministries and sectoral authorities have been strengthened. Although in theory, there is no any hierarchical relationship between the central government and the county governments, the extent and participation of the counties in the regional development depends on the finance they receive from the central budget.

As to the central supervision of the counties, it is limited to legal control in the same way as the municipalities are overseen by the county (capital) government offices. Legal control means only an ex post facto examination of the lawfulness of the decisions without the power to annul or suspend them. The counties must send their decrees and individual resolutions to the competent office to control their compliance with the law. If the government office finds an act or provision illegal, it could call upon the respective county government to terminate the violation of the law, otherwise the office may turn to the court to annul the unlawful act.

As mentioned above, there is a national association of county governments. Nevertheless, there is no credible information available concerning the effectiveness of its consultations with the central government, or about the existence of such consultations at all. It is widely believed that the takeover of the public institutions of the county governments by the state was the consequence of a political agreement between the prime minister and the presidents of the county assemblies in the autumn of 2011 (with all but one county chairmen belonging to the governing parties).

Overall Assessment

In the transition period of 1989/1990, when the fundamentals of the new constitutional democracy were laid down, the county boundaries were not changed, but the range of powers of the counties was significantly reduced compared to the situation before 1990. A municipality-centred local government system was established in which the counties had only supplementary functions, maintaining several public service institutions. They managed most of the secondary schools and hospitals and provided other health services. They also provided social care and other welfare services, ran cultural institutions (public libraries, museums, archives and cultural centres), and organised sports and leisure services.

Between 2002 and 2006, the program of the Socialist-Liberal Government sought to establish regional governments instead of the elected counties, and launched a process of strengthening the regional structures in general. In accordance with the presumed European mainstream, this regionalist approach was a centrepiece of the administrative reforms, including the regionalisation of the organisation of the state administration. Thus, it was an important policy objective of the Socialist-Liberal coalition that a new regional level should be established and strengthened based on the regrouping of counties in larger territorial units which will have to be further developed in order to replace the existing counties. The strategic aim was to establish regional self-governments with democratically elected bodies, instead of the county assemblies.

When the first monitoring report on the local and regional democracy in Hungary was prepared by the Congress of Local and Regional Authorities of Europe in 2002, this was the major policy direction of the Hungarian government, and this conception was supported also by the Council of Europe report, saying that:

‘The need for a democratic revitalisation of regional government in Hungary should be considered seriously in the light of the evaluations and conclusions in this report. It should be fundamental principles in this regard that a substantial part of public regional tasks are governed by elected assemblies, which are directly politically responsible to the voters in the respective areas, that their tasks moreover are clearly defined, and that they can dispose of sufficient (preferably own) resources concerning the performance of their tasks.’ [Report on Regional Democracy in Hungary CPR(9 2 Part II.)]

This regionalisation policy was encouraged also by the Recommendation 116 (2002) on Regional Democracy in Hungary and the Resolution 142 (2002) on regional democracy in Hungary of the Congress.

However, the regional reforms were poorly designed and progressed only slowly. This structural reform would have needed the support of the opposition parties, since any transformation of the existing local government system (with the counties) requires a two-thirds majority in Parliament. In the absence of such political support, the reform failed, and immediately after the fall of this government, the whole issue was taken off the agenda.

Interestingly, the new Conservative government has not only opposed the regionalisation process of the middle-level local government, but has radically weakened the traditional county governments as well. The counties were deprived of the functions that they had performed since 1990. They lost their institutions, as well as the greater part of their former revenues and ceased to be public service providers. The total budget of the county governments was reduced by more than four-fifths, leaving them with just 18-20 per cent of the rate prior to 2012. The loss of financial resources was a result of losing most of their responsibilities mentioned above.

Although the county governments did not receive any compensation for their public service institutions, when they were transferred to the central government, the latter assumed the debts of the counties in 2013. Nevertheless, whereas the total debt of the county government was about 400 billion HUF, the estimated value of the public service institutions taken over by central government from the counties amounted to 1,200 billion HUF.

The county governments have yet to find their proper role since losing their major functions, most of their revenues and institutional capacities. The recent developments of the administrative structure, as a result of a heavy centralisation, seem to be heading towards a quasi-one-tier local government system, in which the winner of the weakening and emptying of the counties will be the central government, rather than the municipalities.