

**SUMMARY OF MTA-DE PUBLIC SERVICE RESEARCH GROUP'S STUDIES**

**DEBRECEN**

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## INTRODUCTION

The MTA-DE Public Research Group started to work on the 1<sup>st</sup> January 2012 in the framework of the research groups of the Hungarian Academy of Science. The research takes a five-year interval and systematizes a wide range of public services which are realized one hand on territorial level, on the other hand take into consideration the characteristics of the eastern and central european public sector. The aim of our research group is to establish a cooperation system with other researchers interested in the subject and with the professors of our faculty. The research group has written studies in several genres. During the first part of the research, we carried out conceptional studies in which we confirmed our hypothesis. The following part, we observed international models in different fields of public services.

The final product of the project will be an encyclopedic book which observes different sectors from determined point of views. We deal with the following groups of public services: public utility services (water, waste, energy), public education, health care and insurance, social services, security services, higher municipal and regional development, education, public transport, authority services. We uses the same criteria during the examination of these sectors. Thus, each sector has an overview regarding the organization of public administration, the asset management, the budget and financing, the sector policy and the European Union policy.

The following abstracts give us a summary about our studies.

## **I. REGULATIONS OF LOCAL PUBLIC SERVICES (MODELS)**

### **Regulations of local public services: the financing function (Balance of fiscal and market approaches)**

*(Gábor Péteri)*

Decentralisation has not only created new political and administrative mechanisms, but it has significantly modified the management of local public services, as well. Currently local authorities are transformed worldwide and in Hungary. This process is influenced - among other factors – by the fiscal practices. The study discusses these changes, focusing on the specific aspects of local finances and financial management.

Since the 1970s a new balance of traditional fiscal and market based approaches was being developed in public finances and service management. Evolution of New Public Management is directly connected to the changes in general government finances. By now, due to the financial and economic crisis, the market based solutions are criticized. The expenditure and revenue management techniques are transformed. However, these recent changes cannot go against the basic values of NPM, which are deeply rooted in public service management and public finances.

The classical economic stabilization, allocation and income distribution functions of public finances are heavily influenced by external factors. Not only the economic, political and administrative systems, but other increasingly important changes determine local public finances, such as urbanization, ageing, environmental concerns and need for greater accountability.

This analysis of local fiscal functions discusses the development trends during the past two decades in the following areas: (i) local own source revenue raising, (ii) changes in intergovernmental finances, (iii) fiscal planning and budgeting, (iv) local economic development, (v) financial management, (vi) the European Union funds and regulations. Long term transformation of these components of local finances, coupled with the political changes in Hungary, will transform local public service management and create a new balance of private and public sector based regulations.

## **Asset Management in Public Service Sector under Different Governance Models**

*(József Hegedüs – Andrea Tönkő)*

Asset management in the public sector is usually related to public services, where the state intervention is justified by the market failures. Therefore, the effective management of public property is primarily not determined by market rules (competition, profit maximization), but, it is effected by the institutional structure (governance model) and other social, economic and political factors. The study is examining the asset management of different governance models in three main dimensions: 1) which type of properties are considered as part of public assets (definition, taxonomy); 2) what is the institutional structure of asset management (ownership and organizational form); and 3) what is the financial and accounting context of the operation of public assets. One of the main conclusions of the study is that beyond the basic governance models, the efficiency of asset management is influenced by the incentive structures, accountability relations and the enforceability of the rule of law. Under fiscal pressure, as the study argues, asset management of the public sector is usually accompanied by the opportunistic behavior of the involved people stakeholders as a result of conflicts emerging in poorly structured governance models (characterized by perverse incentives, lack of accountability and the rule of law).

## **Human Resources Management in Territorial Public Administration, in the Provision of Public Services (international comparison)**

*(Viktória Linder)*

The global economic and financial crisis affected public administrations and public employment in different ways. Meanwhile governments are faced to new challenges in providing public services more efficiently, budgets shrink requiring cutbacks on wage bills. The paper analyses in an international comparative context how the modified conceptions on the role of the state impacted the composition, number, status and employment relations of the personnel responsible for providing public services on territorial levels of public administration. As each country reacts differently to the specific circumstances, the paper aims to find out whether parallel with decentralization of competencies for the provision of public services and connected human resources management, the economical downturn

triggered the emergence of new trends which were able to evolve new models in the HRM of territorial public services.

### **The regulation of public services in the European Union** *(Márton Varju)*

The European Union, relying on the available legal and policy instruments, primarily provides a framework for the organisation, provision and financing of public services on the level of the Member States. Its scope and the instruments available in the framework are limited. The European Union framework lays down regulatory boundaries and substantive requirements for the domestic regulation of public services. The key provision in determining these boundaries is Article 160(2) TFEU applying which it can be established whether services in the public interest are shielded from the general provisions of the law of the internal market, EU competition law and EU state aid law. The substantive requirements include among others transparency, quality and safety, and protection of consumers' and users' rights. The intervention of the EU in the domestic regulation of public services is governed by a number of general principles. These are: the importance of public services in Europe, flexibility, pluralism, neutrality, the separation of competences, Member State autonomy, subsidiarity and proportionality. By relying on these general elements and following the fundamental conceptual distinction between economic and non-economic services of general interest, the paper gives an overview of the major instruments and achievements of European Union activity in the field.

### **Public Utility Models of Provision of Services in the Waste Sector** *(Judith Pump)*

The services of general interest as part of the organisation of waste management can be described as all public utility services (PUS) by a theoretical model that shows the relationship (including how the public need is defined, the method of service provided, PUS financed and how the service provider is chosen) between the public actor (state/municipality), the service provider and the service user.

A given model is determined by the public interest and need that established it; it shows whether PUS is a right or an obligation/duty of the individual being a member of the users'



community of PUS. The elements of (public utility models of provision of services) PUMPS are determined by sectoral principles characteristic of the given type of PUS. In the waste sector public service obligation may be placed not just directly but also indirectly on the service provider. Since it is the duty and the responsibility of the producer and the holder of the waste to make sure that it is treated in an environmentally sound way, thus only those could provide the service that meet and comply with the stringent requirements of environmental law.

PUMPS as a whole and its elements, also the relationships between the stakeholders are all representing expectations of a given society. For that reason PUMPS can be considered as a tool to articulate the summary of the expectations of the society. The expectations of the society are expressed in the need to have public services, in the delivery of the service and in the declaration of the service being “public” furthermore in the form and authorship of the organisation of the service and in the responsibility for ensuring the satisfaction of needs, service provision and financing.

While EU law expresses appreciation regarding the diversity of services of general economic interest and acknowledges the essential role and the discretionary rights of national, regional and local authorities it can be shown that it has a very strong direct and indirect impact on all elements of PUMPS ( including the autonomy of municipalities and the municipality-private actor relationships).

### **“In-house” procurement in organizing of local public utilities and communal services** *(Zsófia Előházi)*

This essay attempts to present the regulation and the organizational structure of local public utilities and communal services, particularly the function of “in-house” procurement. This essay comprises the related EU legislation in force and the Hungarian regulation from 1989 till the present days. The presented EU legislation contains the related provisions of the basic treaties, regulations, directives and decisions, namely the competition rules, the state aid rules and the public procurement. The described Hungarian regulation contains the provisions of the local government act and the related legislation, particularly the organizing rules of local public services. This essay tries to demonstrate the Hungarian trends in organizing of local public utilities and communal services in the following three periods: after the communist

regime till the accession to the EU, after the accession till the new government; the period between 2010 and the present day.

**European regulatory models of local public services in the social sector**  
*(István Hoffman)*

In the modern post-industrial societies services are becoming the greatest part of the economy, and through the reallocating role of state – even after the millennium changes – the role of the services organised by the communities is exceptionally high. One of these services is the social services granted by the state and (as its parts) the local governments.

In my study I summarise the roles of local communities and local governments of some European and non-European states in the organisation of social services. The practical and theoretical legal terms of social services are presented as well as the general characteristics of the welfare models and the general regimes of the distribution of tasks between the central and local government. There is also a short description of general financing issues and the role of the civil society in the management and providing of these services.

In Europe a *convergence* can be observed in the field of these services. One of its causes is the European integration. Although this cause seems to be the most important, it could be highlighted, the similar challenges need similar solutions.

Thus the local governments have wide tasks in the field of personal social care and in social benefits. If we look at these regimes, two main models can be distinguished. The first one is the centralised model, in which the role of the local governments is residual the main responsibility belongs to the central government. In the decentralised model the local governments are primarily responsible for a wide range of social benefits and for the social (personal) care.

Although the two models have different characteristics, a trend of convergence can be observed in these systems, as well. Therefore it is not a sharp border between these systems.

**European regulatory models of local public services in the health sector**  
*(István Hoffman)*

If we generally look at the role of the local self-governments providing and organizing health services, then it can be highlighted that the settlement and intermediate level municipalities play an important role in providing these services. Therefore the local communities are

responsible for organizing public health services in decentralized model followed by the majority of the European countries. In this model generally the settlement level self-governments organize the basic health services and the intermediate level local governments do the outpatient and inpatient cares. The decentralized model is typical but not general: the central governments are widely responsible for the provision of the health services in several countries, as well. In the centralized model the local governments are not – or just in small scale (in the field of the health planning and in the basic services) – responsible for the health services.

If the local governments have duties and powers in the field of health public services, then their responsibility for the provision is regulated by the public law. These local governments typically do not have any competition in the field of the capacity regulation, because it is regulated by a central system.

It is difficult to formulate general statements on the European health systems, because the social, health and local government systems of the European countries are very different. Although similar organizations in the health management have developed in countries which have very different public administration and public service systems. If we look at these prima facie similar management systems, than it can be highlighted, that this similarity can be observed only on the surface, because the model and operation of these seemingly similar systems are very diverse.

Although the challenges of the several systems are very similar: the social changes – the ageing, the development of the efficiency and financial viability of the public services – are very important subjects in all European countries. On the one hand the main goal of the majority of the local government reforms has been to improve a local government organization which can provide more effectively local public services, and on the other hand the health reforms have been aimed at the better and preferably better financed health care. Often the reduction of public spending has been targeted by these reforms.

If we look at the answers to the challenges, then it can be highlighted, that the local government reforms have been aimed at the improvement of economy of scale, the competition in provision of public services and the development of a flexible system.

The improvement of the competition – especially the establishment of the quasi competition – has been targeted by the health care reforms, as well. This competition has been established

mainly among the providers, but in several countries the social insurance system has been based on the competitive health insurance companies. Therefore the main goal of the reforms has been the strengthening of the contractual relationships of the public administration.

The establishment of the – at least quasi – competition is unthinkable without a certain grade of decentralization. Therefore the decentralization can be considered as a general tendency: the local governments have become responsible for the provision of these services, and the local communities have been involved in the planning. If we look at the wider definition of the decentralization, then it can be observed by the reduction of the centralization of the health care system.

Although a counter centralization could be observed in several countries, which counter-centralization's scope is the improvement of the efficiency. It can be highlighted, that this counter-centralization is not widespread in Europe. The best sample of this tendency is the Hungarian health care reform 2011/12.

These challenges could be considered as permanent ones, therefore the changes and reforms have been constant. Thus the local governments of the European countries are facing the challenges by permanently changing but flexible health care systems.

**Attending policing public duty as a public service**  
*(Sándor Madai)*

The concept of safety, as a general value category, is currently being comprehensively redefined all over Europe and the new challenges pose new tasks for law enforcement activity. We can also state that few such disciplines exist in the world actually which struggle with such terminological chaos as the science of law enforcement therefore the study is primarily aimed at providing an overview of basic terms, such as policing, municipal police, local police, community police. Defining law enforcement in domestic literature, similarly to law protection, is rather controversial. The law enforcement activity in certain cases is only applied for duties of the police organisation while in other cases, authors use an especially broad law enforcement concept. The study also gives an overview of law enforcement as the pillars of public service. The aim of the evaluation is of course not to simply give a descriptive type of overview but also systematization, evaluation of models, recognition with analysing and assessing through a synthesising study. It is a priority to overview how the

content of law enforcement activity could be defined, namely what the law enforcement activity, as a public service, includes and covers. Along the systematic type static introduction of models, since that can always be defined at a specific time in the given condition, the tendencies are also introduced, including the current development and expected directions in the near future.

## **II. HEALTH SERVICES**

### **Territorial organization of public health services**

*(István Hoffman)*

A convergence could be observed among the health care systems of the postindustrial societies. The responsibilities of the health care public services have been shared by the NPM and Good Governance based on reforms and the communities have been involved in the health planning and decision-making. Although a convergence has been evolved, several differences have remained. In a decentralized model the local communities are responsible for organizing of the majority of the public health services, where the settlement level self-governments organize the basic (primary) health services and the intermediate level local governments organize/do/are responsible for the outpatient and inpatient cares. Decentralized model is typical but not general in Europe: the central governments are widely responsible for the provision of the health services in several countries. In a centralized model the local governments are not – or just on a small scale (health planning and basic services) – responsible for the health services.

In Hungary several elements of the former Bismarckian system remained during the Communist era, thus the reconstruction of the social insurance model was quite a quick process. The new health care system was based on the management paradigm, and the responsibilities of the service provision were strongly shared. This system has changed in the last years: the new Hungarian health care system is strongly centralized and it is managed mainly by the instruments of the public law.

### **The Health Services' Personnel on Territorial Level**

*(Viktória Linder)*

The health sector is one of the most important sectors in the economy of the European Union. This is due first of all to the general demographic trend, the ageing population. Owing to the phenomenon there is a growing need for better and more efficient health services. Despite the declining trends in employment during the economic and financial crisis the number of people working in health systems has continually grown. As the health system is a special field where the supply of qualified personnel is a strategic question, governments in the member

states of European Union try to find satisfying answers in order to solve the problems that health systems are faced to. The statuses, employment relationships and conditions, human resources management tools countries use are different, but so are the problems too. While „wealthier” countries seem to be able to solve health personnel shortages by international mobility means, less developed countries – like Hungary – where the human resources practices and first of all the incomes are not so competitive seem to have trouble in the function of their health systems.

### **Territorial financing models of public health services** *(István Hoffman)*

The financing system of the Hungarian health care has been strongly bound to the European and Northern American models: these models and systems were taken into consideration by the Hungarian reforms and reform initiatives although the Western samples have been distorted by the reception process.

The management approach and the paradigm of the New Public Management have been dominated the funding system of the territorial health care services in Hungary. Because of the Bismarckian social insurance system especially the German-type management mechanisms have had a significant impact. After 1992 the share of the service provision roles and a sector-neutral financing system has been evolved.

The new challenges and the financial problems required several reforms and reform initiatives in Hungary after the mid 1990s. Several European – and sometimes American – models were taken into consideration by these reforms and plans. These changes were just partially, because the majority of these issues failed.

However the management approach is still dominant, the loud change of the health care financing system prefers the centralized, public-law dominated solutions.

### **Sectoral policy questions of territorial public health services** *(István Hoffman)*

The Hungarian health care system – similarly to the Hungarian welfare system – was rocked between different models. The Hungarian changes were influenced by the European systems

therefore the review of these models could be an interpretation framework of the modifications of the Hungarian system.

The changes of the Western health care systems were strongly influenced by the *New Public Management* paradigm which main goal was the strengthening of the *efficiency* by the strengthening of *competition* and *accountability*. The reforms of the 1990s and 2000s were partly impacted by the *Good Governance* paradigm. Thus the consultation mechanisms with the involved people and the decentralization of the system became a significant element of the changes.

These phenomena could be observed in the Hungarian system as well. A major element of the Hungarian reform trajectories was the reducing of the (fiscal) expenditures. Therefore several elements of the *New Public Management* and *Good Governance* paradigms were deformed and they did not have the requested social and financial impact. If we would like to summarize the Hungarian health policies, we could highlight, that the state health care system became – after several reforms and trajectories – a state health care system.

### **Main questions of the impact of the EU Law on the sub-national health care services** *(István Hoffman)*

If we would like to summarize the impact of the EU law on the health care services, we could highlight, that several market-type and pro-competitive solutions have been appeared, but these can be prevailed only in a limited way.

The main reasons of the limited impact of the EU regulations are the primary responsibilities of the Member States, the widely applicable public health exceptions, and the limited application of the EU competition rules.

Although the national legislation is the determinative the EU regulations on the free movement of persons and services could be applied in the field of the health care services. This principle has been recognized by the landmark decisions of the European Court of Justice (ECJ). The Directive 2011/24/EU is based on these principles and a limited competition has been evolved. Because the competition is limited and the creation of a single European health care area has just begun, the “silent revolution” of the public service provision has a minor importance.



Therefore the influence of the EU law on the subnational health care services has a minor role on the provision of these services.

### **III. SOCIAL SERVICES**

#### **Administration of territorial public services – international outlook from the aspect of the Hungarian regulation**

*(István Hoffman)*

The countries of the European Union belong to different welfare models, although a trend of the convergence of the European social administration systems has emerged in the last decades.

The European municipalities do not have any direct competences in the administration of the social insurance, they are only legally mandated providers of several social insurance services – especially the services of health care. Although the social insurance is ruled by central government bodies or by corporative self-governments the main territory of the municipal social tasks are the means-tested benefits and the personal social care. Two main models can be distinguished: the centralized and the decentralized (municipality based) models although the differences between these forms have been diminished in the last decades.

During the state-socialist era the social insurance was the main welfare system: the Communist ideology denied the existence of the unemployment and poverty in the socialism. Therefore the unemployment services and the means-tested benefits became to emerge only in the late 1980s, when the socialist state began to collapse.

The development of the welfare system of the democratic Hungary can be compared with the (Western) European models: the challenges on the system have been similar and the Hungarian legislator has chosen often a European sample for the solution of the problems.

In Hungary the social insurance and the unemployment benefits are administrated by central government agencies although from 1993 until 1998 the administrators of these funds were corporate self-governments following the German regulation. The local self-governments and their organs have been responsible for the means-tested benefits, the children protection and for the personal social care. Although the competences of the central government and their

agencies have been enlarged by the public administration reforms of 2011/13 the central role of the municipalities has remained in the above written sectors of the social administration.

**Financing public services – international outlook from the aspect of the Hungarian regulation**  
*(István Hoffman)*

Diversified funding systems of the territorial social public services have been evolved in the European countries, although the significant provider and organizer role of the local governments can be observed as a trend. Although the central funding for the municipal services have been grown the central aids became more earmarked.

The Hungarian welfare system has been transformed very deeply by the Change of System. The health services and the pensions have been financed by a social insurance system. The unemployment benefits have been funded by a special, insurance type financing model. The local governments have had significant role in the field of the personal social care and means-tested benefits. The financing system of the municipal social services has been transformed greatly. In the 1990s the system has a global nature which was replaced by a more and more earmarked model.

After the public services reform in 2011-13 the service provider and indirect funding role of the central government has been strengthened and the financing of the municipal social services – similarly to the other municipal public services - became totally earmarked.

**Sectoral policy questions of territorial social public services**  
*(István Hoffman)*

The development of the Hungarian social policy converged the Western European trends therefore the examination of the European models and policies offers a proper frame of reference for the study of the Hungarian social policy. In the developed postindustrial countries the paradigms of the New Public Management, the Good Governance and the Neo-Weberian State – even with different intensity – have prevailed parallel.

The Hungarian social policy has had great challenges. The changes of the political, social and economical systems have been associated with several difficulties. A significant confusion

was caused by the even more and even new changes, thus the Hungarian social policy was tossed between the models and the regulation has not been always sufficiently coherent.

### **The European Union and territorial social public services**

*(István Hoffman)*

The regulation of the territorial social public services belongs primarily to the competences of the Member States: like other human services, the social services are determined as national competences. Thus the importance of the European policies is much more limited than in the field of the infrastructural services.

Although the scope of the European social policy has been steadily expanded from the 1950s, it has a limited role and its system is a fragmented one. Therefore new forms of the approximation of the social service systems have been evolved: the most significant one is the Open Method of Co-ordination (OMC) which tried to answer that problem, thus the challenges are pan-European, but the competences are national.

The national social services systems are influenced by other policies of the EU – especially by the competition policy, the four EU freedoms – but the impact of these policies is mainly indirect.

### **The comparison of models of local public housing service on international level**

*(Hegedüs József)*

The study deals with the different models of public housing services in the last couple of decades. The structural changes in public housing services have to be understood in the context of the welfare state models, with a special attention to the interplay between housing policy and social policy (including income benefit programmes to the needy households, which have a strong housing element). The study differentiated four basic public housing models in modern societies: 1. the municipal model, where public housing is a service provided directly by the office of the municipality, and the budget is integrated into the municipality budget; 2. the public housing company model, where the municipality provides the service through a company, set up and owned by the municipality, with a budget

independent from the municipal budget; 3. the non-profit model, where the public housing services are provided by a non-profit organization typically subsidized and regulated by the central/local budgets; 4. the social rental agency model, where the housing units are owned by private institutions, but rented out through an agency to households in need, with subsidies of central/local government structured in different ways. The social and economic content of the different models varies greatly according to the financial and legal regulations: the study deals with the financial structure, rent settings and allocation criteria in detail. In one country one can typically find a mix of these models, which exist parallel to each other, and interact. The study concludes that the development of successful public housing sector models requires a special governance structure characterised by a high level of stakeholder cooperation, which is ensured by the balance of risks and rewards related to housing projects. The impact of EU regulations is discussed in a separate chapter; they have an important effect on the development of the models, although the EU has no direct responsibility in the field of housing. In an appendix, the paper gives an overview of the development of public housing services in post-socialist countries.

## **IV. PUBLIC EDUCATION**

### **Regulatory models of devolved public services: public education**

*(Gábor Péteri)*

Regulatory systems of public education are diverse in Europe, but the strategic goals and the methods of education policies are rather similar. So the public education primarily should develop competencies, respond on the local demand, support the access to the labour market and ensure fairness in education services. The European Union education and training strategy is derived from these basic goals.

In this paper classification of the European models follows three key factors: (i) scope of local autonomy; (ii) technical regulatory systems of public education and (iii) finances of education services. Beyond the main European models of public administration, the countries are grouped into various subcategories along these lines.

Classification of the public education models and the recent development trends in education policies show that (i) most of the countries move towards decentralized systems and (ii) there is a convergence in methods and institutions. The Hungarian regulatory model of public education is under transformation: it goes against these European trends and neglects achievements of the past almost three decades. Analysis of the regulatory systems also allowed to draw some conclusions for the future fieldwork of the planned research project.

### **Status and Conditions of Employment of Public School Teachers**

*(Viktória Linder)*

The paper analyses the employment relationships and conditions of teachers working in public institutions in an international context. It compares the different solutions of the way of teachers' employment in the member states of the OECD and European Union. As the status, most of the teachers working in public schools are civil servants or public employees but there are also categories with employment contracts. Concerning the elements of human resources management in teachers' employment relationships, governments delegate the decisionmaking authorities on different levels of government (i.e. central or state, regional or subregional, local or school level) and very often different levels take decisions after

consulting each other. Despite the trends of decentralisation, there are some concerns (e.g. the level of remuneration) where the decisions seem to be taken rather on central levels. While the trend in OECD and EU member states tends to favor decentralisation processes in order to enhance productivity, responsiveness etc. of the education systems, the Hungarian reforms with the etatization of schools and centralisation of decision making competencies concerning teachers' employment conditions, seem to follow an other way.

## **V. HIGHER EDUCATION LOCAL SERVICE**

### **The role of “innovative” universities and innovation centres in the organisation of local public service delivery** *(Ildikó Bartha)*

Universities and innovation centres such as science, technology and industrial parks are seen as important catalysts for development of a knowledge-based economy. Beyond their traditional teaching and research functions, universities generate and exploit knowledge as entrepreneurial opportunities and take on more responsibility for their local, regional environment.

The changing role of universities, as well as the emergence of new actors in different forms of innovation centres also have an impact on the traditional policy-making and governance methods in local public services and urban development.

Using the case study methodology, the paper presents a few European examples to explore new governance structures and models of public service management. The case-study experiences show that universities and innovation centres may be actively involved in policy-making and build up a variety of co-operations with public and private actors at local, regional, national and international levels, both in formal and informal ways. Finally, the paper summarises the results and seeks to explore the main common tendencies.

### **Universities as policy actors of local and regional development** *(Ildikó Bartha)*

Universities are seen as important catalysts for development of a knowledge-based economy. Beyond their traditional teaching and research functions, universities generate and exploit knowledge as entrepreneurial opportunities and take on more responsibility for their local, regional environment.

Based on recently developed theories about „innovative universities” (triple-helix model; regionally engaged universities), the paper seeks to highlight the key motives and different ways of transformation of universities from traditional higher education providers to innovative entities. Using the case study methodology, the paper presents a few European examples to explore such transformation processes. While examining additional roles that



universities assumed in their innovative function, the case-studies focus especially on different methods of their participation in the governance of their respective region's development. Finally, the paper summarises the results and seeks to identify the main European models.

**The role of the European Union level in the governance of higher education**  
*(Ildikó Bartha)*

The Bologna process and the "knowledge economy" concept introduced by the Lisbon Strategy had a decisive impact on the higher education system of most European countries since the early 2000s. The „Europaisation” of higher education put in motion a series of changes in the traditional governance methods of this policy area.

The paper seeks to explore the main characteristics of such a European model of higher education governance. Special emphases will be laid on the open method of coordination (OMC) as a new tool of EU education policy making. We also investigate the „side effects” of the EU Internal Market legislation (Directive 2005/36/EC on the recognition of professional qualifications) and the case-law of the Court of Justice of the European Union; the latter proved to be very important concerning national competencies in higher education. Practical examples will also be presented to explore the different levels of governance, as well as the wide range of actors being involved in the policy-making.

## **VI. PUBLIC TRANSPORTATION**

### **Institutional Aspects of Urban Public Transport**

*(Andrea Tönkö)*

Over the past 20 years significant institutional changes have taken place in the European urban transport sector. Private sector involvement and competitive tendering are more and more replacing municipal operators and informal public interventions. However, these are still not the dominant features of local public transport. In this study we present an overview of the main institutional and regulatory models existing in Europe, focusing on the different incentives and potential conflicts that characterize each model. As typical institutional forms we analyze four models: (1) in-house operation, (2) route contracting under competition, (3) network contracting under competition and (4) deregulated regimes. The analysis of the relationship between the main actors, the ownership rights and responsibilities, the allocation of strategic, tactical and operational functions and the conditions of operational efficiency lead to a better understanding of the current Hungarian system of urban public transport. In this regard, the main prerequisites of an efficient urban public transport system are (despite the specific institutional framework) the growing usage of transparent contracting, flexible cooperation between the different actors, adequate administrative and quality control instruments and financial incentives that enhance efficient operation.

### **Financial Aspects of Urban Public Transport**

*(Andrea Tönkö)*

One of the key issues in financing public transport is how to provide affordable cost – effective services. The analyzed financial models are highly dependent on the existing institutional structures, which always reflect a society's short -and long- term objectives of public transport development strategies.

So the question is not only what kind funding sources exist in the sector, but also how a particular institutional model can encourage the efficient use of these resources.

The effectiveness has two main aspects: First, it is important that the resources should be used to ensure the socially most useful services. Second, these services should be provided at the minimum possible cost level. Experience has demonstrated that the multi-modal urban systems can achieve financial balance and provide high level of service, if there is an integrated system of funding, if cooperation between operators is flexible and if there are proper financial incentives built into the system.

Although using public resources for financing urban transport is justified and necessary, almost all European countries made attempts to increase operational efficiency by creating some form of competition within the sector. Increasingly widespread use of public service contracts, as well as building in quality, revenue and cost incentives into these contracts also point in this direction.

Hungary has one of the most centralized urban transport financing models in Europe. However, in the operation there is some shift towards European trends, the allocation of investment resources is still based on central government priorities, while long-distance train and bus transport is provided by big state owned companies (monopolies), requiring deficit-financing.

## **VII. PUBLIC UTILITY SERVICES**

Within the group of „Public utility services”, delivery of water, waste, energy and urban operation services are analysed under different aspects such as administrative and organisational, financial, resource (human resource and property) management, as well as with a comprehensive focus on sectoral policy and EU perspectives.

### **Administrative and organizational issues related to the water and sanitation services** *(József Hegedüs-Andrea Tönkö)*

The study is reflecting on the recent changes in the European and Hungarian water and sanitation sector through analyzing some administrative and organizational issues in three alternative European models (England, Germany, France). The distribution of the most important tasks of the water sector (developing water strategy, professional regulation, price control and service delivery) differs a lot between the different models, and as a consequence, they represent three alternative ways of water sector reform: (1) full privatization with a very powerful, independent economic regulatory agency (England); (2) full decentralization mainly with community operators, government oversight and a strong corporatization tendency (Germany), and (3) decentralization with strong private sector participation, without a central regulatory agency (France). The key strategic objectives are the same in all three models (enhancing competition, reduction of local monopoly, ensuring proper price levels, etc.), however, each model creates a different set of incentive-structures, transparency level and rule of law issues. The last part of the study analyzes how the Hungarian system fits into the European models presented and what kind of changes recently adopted new Water Management Act is supposed to bring in this regard.

## **Ownership and asset management issues related to the organization of water and sanitation services**

*(József Hegedüs-Andrea Tönkö)*

The process of modernization of water management in Europe (liberalization, regulation, private sector involvement etc.) has been closely related to the ownership structure of the sector. The objective of enhancing competition, strengthening market mechanisms, improving efficiency and reducing local monopoly and other distorting mechanisms resulted in a number of ownership models.

The first part of the study analyzes three alternative European models (England, Germany and France) – each one representing a different type of allocation of functions (integration or separation of responsibility for service provision, operation and infrastructure planning), different type of ownership structures and different risk-sharing mechanisms between the main stakeholders. As a capital intensive industry with long economic life of assets water management is considered to be a business with many risks. However, the main issue is not just how the economic risks are allocated, but also what are those mechanisms that in a case of economic risk minimize the likelihood of perverse behavior. The second part of the study focuses on the main ownership-related issues of the Hungarian water management sector: problems regarding the allocation of water assets, problems with the renewal of assets, difficulties in investment funding and privatization conflicts.

## **Financial Issues in Water and Wastewater Management**

*(Andrea Tönkö)*

The analysis of water policies usually distinguished two big areas: water utility services (i.e. the provision of water and wastewater services) and water management (water resources-related) problems. The two fields are closely related, but while the administrative, organizational or ownership issues can be tightly related to water utility services, the management and financial issues are strictly related on the two areas. The financing of the sector ensures long-term sustainability, the appropriate resource conservation, and affordability of services.

In the first part of the study we identify the importance of the financial management issues in developed, developing and transition countries. The financial-related problems and challenges are strongly determined by the economic development and affordability issues, the

institutional framework, the level of infrastructure and services provided, so the different country groups are facing different problems on these areas. In the next part, we analyze the cost structure of water and wastewater services, the main financial resources (3T – tariffs, taxes, transfers) and we present some typical financial mechanisms (examples for full cost recovery and sustainable cost recovery).

The third part of the study focuses on the most important financial management issues in the water sector in Hungary, analyzing the problems related to the implementation of the full cost recovery principle, the issues of depreciation and reconstructions and financing new investments.

### **Public Utility Models of Provision of Services in the Water Sector** *(Judit Pump)*

Local water services are essential services for life and well-being of people. At the time, when the impact of climate change on water resources are unpredictable one of the biggest questions of our future is whether local water services could meet the expectations of future demand and could adapt to the ever changing consumption needs and patterns.

Local water services link together users' needs depending on the cultural, economic, social, political, environmental conditions of states and settlements. At the time of water scarcity, water needs to become competitive in nature irrespective of whether the satisfaction of those needs is part of the public utility scheme or not. The source of various users' needs is often the same, thus it is essential to secure the water needs that are necessary for human life.

The availability and the quality, and quantity of water is very much dependent on the extraction and pollution prevention policy of and its enforcement by the public authorities. Public policy could shape the technological development of the local water services, which may represent a threat to water sources.

It is often believed that decisions made at the beginning of the establishment of the modern water service networks were less sophisticated than actually. However, if one look into the documents of those times the presence of a life-cycle approach could be recognized. Waste water collecting networks accompanied the establishment of water supply networks and ecosystem functions (of water and soil) were used to purify sewage based on the best knowledge of that time. The technology was designed in a way that would allow the best

reuse or recycle of energy, water, or other materials. We all know that the ecosystem function proved to be inadequate to purify all pollution (due to its overload), however, one should be careful to condemn nature for that result. Today we face water scarcity due to human activities. Learning from our past decisions may give us a better chance to develop a regulatory framework that helps us to avoid wrong decisions and to establish a sustainable system and to find the path once again to a life-cycle approach regarding water services.

### **EU Policies in Water and Wastewater Management** *(Andrea Tönkö)*

Water and wastewater management in the European Union (EU) is the responsibility of the individual Member States, but due to the increasingly serious global challenges (limited resources, urbanization, climate change, etc.) EU-wide policies came into force concerning water and water pollution issues. Beside a brief summary of the main principles and objectives of the EU legislation (Drinking Water Directive, Urban Waste Water Directive, Water Framework Directive) we focus on (1) how the EU directives influenced the member states' policy making in water management (2) how EU policies influence the existing institutional systems, (3) what kind of challenges transition countries face in the compliance process (with a special focus on Hungary) and (4) what are the main international experiences in the implementation of the Directives.

The study concludes that compliance with EU's water management policy raises serious legal, institutional, technical, professional and financial problems in both the developed Western European countries, and the later joined East European countries. In the latter, due to the serious investment needs, efficient use of EU funds and providing the long-term financial sustainability of these investments is an additional major challenge.

**Public Utility Service for Municipal Waste Treatment? Relevant Questions of Public Administration and Organisation**  
*(Judit Pump)*

Provision of public utility service for municipal waste treatment and its public governance structures have been going through major changes in all European Member States. Member States are forced to introduce stringent rules and to establish new institutional structures to implement and to meet the legal requirements enforcing the waste hierarchy set by the EU. The top of the waste hierarchy is prevention of waste; however, it is still a question how prevention could become part of the public service sector. This paper draws up three models (individual-value-model; consumption-model; value-model) to show how the role of public administration and the organisational structures could influence the public service provision, and turn it into a service that is based on the implementation of the waste hierarchy. The three models are used in making an overview of the Member States' practice. A historical review of the Hungarian case shows in more detail the different roles of the public administration and municipalities under the different models. The importance of the attitude of municipalities is also emphasized regarding the establishment of an efficient and well-managed system for the benefit of the local community.

**The Relationship between Ownership and Municipal Waste Service**  
*(Judit Pump)*

It has been long recognised that local and regional authorities play a key role in meeting the targets set by the EU environmental policy. Most of the studies comparing Member States implementation focus on those targets. Since the EU is neutral on ownership structures behind the waste policy schemes it is not common to study the relationship and the influence of ownership structures on spatial distribution of municipal waste service. This paper makes an attempt to cover the main factors that have an influence on what kind of ownership structure would characterise the municipal waste service provision. It argues that ownership over means of service provision including landfills, treatment facilities, collection systems are relevant questions to be considered when reforms of the whole service sector are still forming on the way. The paper gives an introduction about how the substance of service provision could be directly or indirectly influenced by stakeholders based on their ownership interest,



and how it may influence the spatial web of service provision in general and in the Hungarian context. Local municipalities are placed in the focus of the analysis.

**Public Utility Service for Municipal Waste Treatment. A Financial Approach to its  
Spatial Structure**  
*(Judit Pump)*

This study analysis some aspects of the financing system of the provision of public utility service for municipal waste treatment. It shows how this financing system is influenced by the changing relationship between the state/municipal public budgetary functions, how economic instruments are used and how responsibilities are provided for the main polluter countries, namely the responsibility of producers and households. It is shown that the relationship and its impact vary according to the models (individual-value-model; consumption-model; value-model) that the general waste management based on. The role of the public service as an instrument for implementing local policy is discussed and shown how it may influence local budget and how it is changed by national and EU legislation or by the introduction of new approach in waste management policy. The report No 20 of the European Court of Auditors is reviewed and analysed how its suggestions link to project funding and its implementation could have an impact on the spatial web of public services. Also, how it could change the role of the stakeholders including the Commission in taking the risk for a successful project implementation. There is a short introduction of the Hungarian history of waste management and its financing system. It is pointed out that radical changes have taken place in the relationship between the service provider and the local municipalities that has a major impact on the local budgetary conditions.

**Public Utility Service for Municipal Waste Treatment**  
**Review of relevant the relationships between the Sector Policies**  
*(Judit Pump)*

The provision of a public utility service for municipal waste treatment is one of the oldest services provided by municipalities. This paper is an introduction and an analysis of how the service provision could become the tool of different policies such as municipal policy, the waste sector policy, energy policy, and agriculture policy. The organisation and the objectives of the service provision are changing as a result of the different goals of each sector. A review of the Member States practice was prepared to demonstrate this change in practice. There is

also ahistorical introduction about the Hungarian case. The paper mentions the organisational role of the public administration and municipalities, the need for a new attitude, and the cooperation between public and private sector stakeholders. It was shown how the relationship between the sectors and the public service provision could be changed when waste management is based on an individual-value-model, on consumption-model, or on value-model. Composting was used as an example to demonstrate how the value-model could be introduced as a basic model to meet the EU's environmental goals and for the benefit of all.

**The Waste Management Policies of the European Union and its relevance to Spatial Structures**  
*(Judit Pump)*

Municipal waste service is a special service since there is no single piece of legislation at EU level that determines its provision. It is a typical service that is provided at local level, however, there are several aspects which is regulated by the EU. Being part of the environmental policy of the EU, provision of the service at local level is very much influenced by its changes. In this study it is discussed how the new approach may affect local and regional web of service providers and waste management installations. The Road Map to a Resource Efficient Europe or the Green Book on the Strategy on Plastic Waste and other recent EU publications are all going to have an impact on local provision thus on the role and distribution of the task between municipalities, the state, service providers and households. It is pointed out how decisions of the European Court have been changing depending on the legal background of its decisions, the primary and the secondary legislation. The Hungarian situation is reviewed in the aspect of these changes. It is shown that the new approach of the Commission corresponds to a change in waste management policy from the consumer-model to the value-model.

**Decentralisation of Energy production**  
*(Zsuzsanna Árvai)*

This study presents the recent changes of the energy production. The traditional system of energy production is very central organised, because an electric consumption has some special characters. In the latest decades some local energy plants were established, that commonly use

renewable energy sources. In the point of view of the European Union, the move towards /the orientation to the decentralised energy production has many benefits, including the utilisation of local energy sources, increased local security of energy supply, shorter transport distances and reduced energy transmission losses. Such decentralisation also fosters community development and cohesion by providing income sources and creating jobs locally.

The essay shows what difficulties the decentralisation of energy causes, so the monopoly position of the traditional energy plants, the access to the electricity grid, the problems about the finally *refund of the investments, and the changable legal environment with special regard to the environmental regulations*. The study deals with the possible solutions, such financial incentives and the smart grid, that implies a fundamental re-engineering of the electricity services industry. The next issue analyses the regulation of the European Union and presents the most important directives and the Hungarian legal rules also. The final part observes the system and the features of the Hungarian energy industry.

**The regulation methods of tax's and fee's policy, in reference to the energy sector from a service based viewpoint**  
(*Zoltán Nagy*)

The study is aimed to analyze the tax and charge policies of electricity, gas and district heating sectors' from a service based aspect. Several disciplines have analyzed the energy sector through examining different aspects of the sector. Today it is obvious for everybody that energy is a strategic issue on the different levels of territory, states and regions also. Safe energy supply is not only an economic and political issue but also have influences on the field of public services. Without proper energy supply barely any public service would work today. Prior to the change of regime the Central-Eastern-European countries, including Hungary were connected with thousands of ties to the Soviet Union not only in political, but also economic sense. This is especially true for the energy sector which today is still tied there. The monopolization of the energy sector was further boosted by the privatization, some service providers remained without competitors and get to monopoly position in certain territorial divisions, in the meantime the State withdrew from the energy supply sector. It is now clear that it was a mistake. On the level of self-governments, some self-governments preserved ownership over parts of the sector as in several cases self-government owned heating plants were involved in district heating, but their share of the sector as a whole is negligible.

Since the state detected the problem, it tried to influence through various regulatory measures the market processes with more or less success. The key elements were the tax and charge policies and the price regulation. Conceptually the state and the self-governments faced the issue of how to provide a high level of long term energy supply. Tax policy is a good way to meet these objectives, on tax regulation issue more problems arise. The state takes away profit through special taxation from the sector which, as a response, reduces investments and maintenance, what eventually means decrease in the quality of service and leads to possible service disruption. On the other hand tax policy affects the search for alternative solutions. This would help the reduction of energy dependence but also highlights the vulnerability of large systems.

The Hungarian energy taxation and charging system is basically determined by the rules of the European Union through energy policy and tax legislation. The Directive on the common system of energy taxation determines the national energy taxation by its minimum tax rate and tax law preferences. However, there are solutions which are the features of the Hungarian system such as the special taxes levied on the energy suppliers. The study focuses on the individual tax categories also with this revealing the related regulatory issues and problems.

**Public Utilities Models in the Electricity Energy Sector-the Impact on the Green Energy on Spatial Pattern of Provision**  
*(Judit Pump)*

This paper focuses on the role of green energy in changing the shape of spatial pattern of service provision in the energy market. The EU has set its goals for integrating renewable energy sources to mitigate the negative environmental impact of the energy sector and to establish a single energy market within the EU. The paper analyses the notion of renewable energy and draws the attention to the need for defining the word “renewable” to meet EU’s international commitments regarding biodiversity and human rights to drinking water. There is also a short review of alternative governance structures initiated by the community of consumers (including ownership take-overs of nets and suppliers; local self-sustaining systems) or by new technologies (such as the e-car). The paper shows how they may alter the spatial pattern of service provision in the electricity market, and what conflicts or problems it may generate with regard to the EU’s energy policy.

## **The regulation of public services in the European Union** *(Márton Varju)*

The European Union, relying on the available legal and policy instruments, primarily provides a framework for the organisation, provision and financing of public services on the level of the Member States. Its scope and the instruments available in the framework are limited. The European Union framework lays down regulatory boundaries and substantive requirements for the domestic regulation of public services. The key provision in determining these boundaries is Article 160(2) TFEU which can establish whether services in the public interest are shielded from the general provisions of the law of the internal market, EU competition law and EU state aid law. The substantive requirements include among others transparency, quality and safety, and protection of consumers' and users' rights. The intervention of the EU in the domestic regulation of public services is governed by a number of general principles. These are: the importance of public services in Europe, flexibility, pluralism, neutrality, the separation of competences, Member State autonomy, subsidiarity and proportionality. By relying on these general elements and following the fundamental conceptual distinction between economic and non-economic services of general interest, the paper gives an overview of the major instruments and achievements of European Union activity in the field.

### **Reduction of prices of public services in a public international law perspective** *(Sándor Szemesi)*

The new Hungarian Government elected in 2010 decided to reduce the „unreasonably high level” of public service prices. According to the official statement of the Hungarian Government, from the early 1990's till 2010 the owners of these public service companies realized unreasonably high percent of profit, because of the lack of the real competition and because of the bilateral agreements concluded by the previous governments and the foreign investors. It is clear that if the Government decides to cut the utility prices concerning the public services (electricity, gas, water, waste, etc.), as a result of this decision these companies will lose at least one part of their profit. In my study I examine the Hungarian policy of “reduction of utility prices” in an international law approach, and I try to determine whether this governmental policy can violate one or more bilateral or multilateral agreements ratified by Hungary, or can be declared lawful. The main question of the study is whether this policy realizes indirect expropriation according to the public international law.

**Taxation and due-establishment questions among the city operation services from a financial regulation viewpoint**  
*(Zoltán Nagy)*

The wide range of the self-government's public services is in connection with the city operational services. The aim of this study is to analyze the tax and discuss political questions regarding the topic. The study demonstrates the European regulation practice touch upon some European countries. The study discusses the Hungarian regulation with respect to the European regulation, and points out the Hungarian specialities. The question of the separate taxation, the magisterial price and the reduction of the overheads is analyzed among the tax policy questions, thus these influence the maintenance of the city operation services. The work deals beside the summarizing analysis with the energy supply, water supply, road-and bridge sustenance, and other similar aspects of the city operation tasks. The paper deals with taxation questions of the funeral, the chimney-sweep services among the other city operation services. The author points out the proposed problems in the summarizing analysis.

**Regulations of public utilities in the European Union. Regulatory paradigms in the water, waste, transport, electricity and natural gas sector of public utility services**  
*(Márton Varju)*

The paper examines the regulatory framework in European Union law for the selected public utilities, water, waste, transport, gas and electricity. It examines the key paradigms and elements of the regulatory framework, and discusses the legal controversies arising within that framework related primarily to the margin of discretion available for Member States to intervene in the functioning of the market. It focuses on the legal principles on the organising, delivering and financing of public services in the selected sectors as provided by the general requirements arising from the law on SGEI and from sector specific legislation. Beyond the provisions regulating the market and competition in the selected sectors, it gives an overview of the substantive requirements following from sector specific legislation reflecting on the considerations of the relevant area of European Union public policy.

## **VIII. URBAN AND REGIONAL PLANNING; URBAN AND REGIONAL DEVELOPMENT**

### **The building authorities and the settlement planning administration**

*(Ernő Szigeti)*

The first chapter of the paper gives a brief historical overview of the building authorities and the settlement planning system. The second chapter deals with the actual structures. In this framework the study examines the system of the general and the special building permit authorities, as well as the system of the building control authorities. After that the paper looks over the role of the self-governments and government agencies in forming of the local building codes and the settlement plans.

### **The impact of the international obligations of Hungary to public services**

*(Sándor Szemesi)*

If an investor establishes a new investment in a foreign state, the investor needs special guarantees concerning its project provided by not only the state where the investment has been realized (host state) but by international law too. The role of public international law is important in this area because of two separate reasons. Firstly, because of the nature of foreign investments, investors are unable to react quickly to the new social-economic-political conditions as well as the situation if the government adopts a new law. Secondly, taking into consideration that the host state is at least affected by the dispute it is crucial that international law establishes the possibility of calling upon the procedure of international dispute settlement tribunals like the ICSID (International Centre for Settlement of Investment Disputes). In the study I try to examine all the possible ways concerning investment dispute settlement inside and outside the host country, taking into consideration the role of the European Union as well.

### **European Union policies to deal with the local and regional aspects of urban development**

*(Iván Tosics)*

The aim of the paper is to analyse the resource-side of governance and planning through direct and indirect tools (EU, national, regional, territorial, municipal and other sources).

First, a short overview is given about the history of the EU approach to urban development. This is followed by the analysis of the urban and regional development aspects of the 2014-2020 Cohesion Policy regulation, with a special regard to those aspects which are related to the support of metropolitan areas (functional urban areas), such as the Integrated Territorial Investments (ITI). The next main chapter gives an overview on the emerging ITI regulations of a few, selected EU countries. Finally the paper turns to the Hungarian ideas about the emerging institutional structure of the use of the 2014-2020 Cohesion Policy resources. In this part, we have also special attention to the metropolitan (functional urban area) issues.

### **Administrative tools of the development of municipalities and functional urban areas** *(Iván Tosics)*

The paper deals with the functional urban areas around European cities. First the EU countries are classified according to the types of their multi-level government systems. The main part of the paper analyses the spatial extension and functional content of the functional urban area collaborations around 40 European cities, based on a survey of the EURO CITIES Metropolitan Areas Working Group. Although no city has been found having strong, binding strategic cooperation exactly on the FUA level (which is defined on the basis of a new OECD method), there are cities where such cooperation exists in spatially narrower or broader area or multi-functional (but not binding, strategic) cooperation exists on the FUA level. On the basis of the static picture and the dynamic trends the paper formulates different alternatives how cities can strengthen the cooperation across municipalities in their functional urban area. The third chapter analyses the position of the post-socialist metropolises according to their functional urban area cooperation. Finally some recommendations are phrased what cities, countries and the EU could do to make the functional urban areas around large cities more collaborative.



## **IX. ADMINISTRATIVE SERVICES**

### **Once more districts (District level in the official public services)**

*(Ernő Szigeti)*

The districts were important territorial units performing official duties in the Hungarian government for centuries. Between 1984-2012 the duties of the district offices were taken over by local councils, after 1990 by local governments. However, in 2011 county offices of the central government were formed, in 2013 the district units of the county offices were set up. As a result, most of the administrative services has been taken by the county and district offices. The first part of the study gives an overview of the history of the district system, as well as the sub-regional public administration in the countries of the European Union. The following chapters present the actual system and the main characteristics of the district government offices and their specialized agencies. Finally, the paper deals with organs of the district level, which do not operate under the district offices.

### **Alternatives of organizing regulatory services by administrative authorities**

*(István Balázs)*

First, the study defines the concept of „regulatory services” and determines its scope, as well as the potential models of institutional arrangements and general principles applied in this field. Second, the analysis of main European models is described. Third, a historical analysis is provided overlooking the pre WWII, the soviet-system, and the transitional periods. These considerations may serve as a basis for the study of the present Hungarian system as well as the discussion of the system’s potential development. This system has been completely (trans)formed after 2010, based on the research for the “Good Government”. The final section gives proposals for the further development. Most importantly:

- Redundancy in the administrative functioning should be terminated.
- One stop shops that function only at a few places should be established at each municipal office.
- Concentration of most jurisdictions at the so called County Government Offices should be eased and the political leadership of these offices abolished.
- Lower level territorial Government Offices should enjoy greater autonomy and their regulatory role as first tier decision maker should be strengthened.

**Civil servants and public employees in decentralized public administration offices**  
*(Viktória Linder)*

The paper analyzes the status and career patterns of employees performing administrative tasks on territorial levels of public administration. Similarly to central governments, decentralized public administrations employ public employees as well as civil servants in different statuses. The dichotomy of the traditional career systems and the more flexible position based systems are subsistent nowadays already in a hybrid form but the classification is not so easy anymore. Moreover local governments apply mixed legal solutions (e.g. private law career structure) aiming to make public administration employment more flexible and adaptable to the current needs. It seems that when trying to determine the content of the different categories' employment statuses, distinction between the Western and Eastern EU Member States can be detected and they may serve as a guidance point. Such elements which earlier represented the attractiveness of public employment – plus allowances, job security and special pension system in comparison with the private sector – are in general less present in former “socialist” countries which joined the EU after the Millenium than in the ”old Member States”.

**The practice of the licensing system being attached to the  
personal social services in the reflect of the experienced data**  
*(Anita Krizsai)*

This study observes how to share responsibilities between the state and local authorities to provide social services, and to take part in the public governance.

The topic is popular, because nowadays the centralisation is quietly becoming fashionable in Hungary. The research was established at the end of 2009 and have been repeated in 2012. It observes the current situation around the central bodies, how the examination and the licensing of personal social services function.

I am convinced that the present system of social provision needs transformation, because local governments should have less functions, but it has to keep the basic roles of need assessment, planning and coordination. Other issue of this study is to examine the increasing role of the

state especially the legalization, financing, examination and licensing of services as well as becoming service provider again.

## **X. LAW ENFORCEMENT**

### **Management of local law enforcement services**

*(Sándor Madai)*

The study gives an overview of the European models of law enforcement activity – as a public service – primarily based on the Anglo-Saxon and continental approach. It introduces organisations of several countries regarding the continental model, highlighting differences and similarities. It declares, from the comparison of the two samples that the Hungarian arrangement follows the continental model, however, there is an increasing need for expanding the authority of local government law enforcement, which has met recent legislative procedures or at least been initiated by legislators. An overview of Hungarian legislative background can provide an insight into the structure of national police from the supreme to local level. This enables to make it possible to see how central volition or decision can „reach its aim” at local levels, and how this affects the management activities at the local police levels. Regarding organisations related to local management levels, we can primarily encounter public space surveillance and the introduction of local government law enforcement organisation.

### **Human resources systems of law enforcement authorities and agencies**

*(Viktória Linder)*

The paper seeks to find answers in a European comparative context whether the challenges that civil service systems have to face to since the third quarter of the twentieth century and that resulted in a number of countries in approaching the employment conditions of civil servants to those of other categories working on the labour market, have also reached the law enforcement and specially police authorities. It seems that most of the categories encompassed under the notion of law enforcement staff in the Member states of the European Union are employed in the same or very similar systems as career civil servants; even in countries where the majority of the civil service is employed in a position based principle, police officers seem to enjoy a more protected status. The reasons for that the legitimacy in exercising public power and public force attached to the sovereignty of the state are in one respect, and the duty to admit the restrictions of human rights are on the other. Although the most part of the police status has not changed and it has remained similar to the regulation of

the latest few decades, they must face to financial restraints. Therefore, in few countries, law enforcement authorities cannot enjoy anymore the so called corrode advantages which functioned as a kind of special pension system.

**Fundamental issues in financing policing public services**  
*(Sándor Madai)*

From time to time as well as nowadays a key question concerning budgetary bodies financed by maintainers is the method of financing the objectives set by the related body. Unless the maintainer possesses unlimited resources to finance a given budgetary body, the clear-cut objective is to limit the financing of the given budgetary body to the strictly necessary extent.

It has always been the case for military bodies as well. Both decision makers and society have expected and expect the maintenance of law and order by smoothly functioning, efficient bodies; however, the requisite conditions must be in place for this to happen.

Obviously, the success of good operation is best - if not completely - ensured by proper financing for the related military body. For lack of sufficient funds, we can only speak about a vegetating body which is unable to perform its basic activities, i.e. it is under-financed.

The key issue is how to finance the body: based on resources in the previous or earlier years, or in terms of (presumed or real) resource requirements, resources should be provided for tasks, or perhaps financing should be based on the strength of the given body.

These are the numerous questions for maintainers to identify before planning the budget. Two most typical examples of financing models are budget based financing and task financing, so the study presents them in more detail and then gives an overview on the fundamental issues of the finances of Hungarian military bodies.