

# **Work Plan 2007 of the Republic of Hungary**

## **Comprehensive Reform Steps and Policy Decisions**

**BY WAY OF AN INTRODUCTION**

### **ON REFORMS AND THE WORK PLAN 2007 OF THE GOVERNMENT**

“Nowadays, many people in the public life of Hungary are lead by war logic. Let me be very clear about this: I think we do not need political warmongering but rather the politics of calm reforms. (...)I bind my and my government’s fate to the renewal of Hungary and to a calm reform policy. This is what I ask your support for. I am a patriot, a democrat and a reformer. I lead a government that works under a single objective: to renew Hungary, to make it strong and keep it together. (...)

The past few weeks and months were laud with several political debates or scandals if you like. The real scandal however has not been mentioned yet.

The real scandal is that today, in Hungary only the half or one-third of adults participate in further training or retraining courses. (...)

If there is scandal then it is that every fifth child leaves school without a trained profession or skill. This amounts to approximately 20,000 persons each year. They will be the poor and the exploited of tomorrow. (...)

If there is a scandal then it is that unskilled men live 16 years less than their peers who have a university degree. We keep talking about the joint nation and the common fatherland. (...)

In order to make sure that our high education institutions and universities rank with the best of Europe and that the knowledge obtained here is equal, and that our students are no way worse off than those graduating from Lyon or Bologna, there is a calm and wide dialogue going on on the real renewal of higher education. (...)

In order to make sure that it pays better to work, and so that social benefit cannot replace work, (...) we will link the entire philosophy and labour structure of our labour and social care systems. (...)

Hungarian agriculture does not primarily need reforms today but rather what we have been doing in the last months or even in the last two years: agriculture is characterised by calm building and development – this is the policy we shall continue. (...)

We are in continuous negotiations with local governments on renewing the system of municipalities (..) An overall renewal of the criminal code and the civil code will start today in order to achieve a better co-ordination of individual

and community autonomy, freedoms and order. (...) A general modernisation of community transport is going on. (...) Several ministries and interest organisations are working together on the reform of the Hungarian corporate law. We should make it possible – and you can hear it correctly – that a company can be established within a few hours in Hungary! (...)

In the meantime we continue the reform of central administration so that public administration serves us the taxpayers and is not about the agency but rather about our matters that need to be attended to. (...) We shall continue to promote small regional and regional partnerships in local administration to make sure that the affairs come closer to the citizens, and they can get better quality service. (...)

It is time to discuss once again whether the current practice of party finance is right. (...) The Hungarian healthcare system suffers from serious organ failures. This is why reform or if you like healing based on an overall therapeutic treatment is unavailable. We would only deceive ourselves if we postponed this like a patient who does not want to face his or her disease. (...)

For this programme we need the help and support of the country, and we also need the help and support of the Parliament, the legislative body. We need that kind of courageous, progressive commitment that you have already shown in the recent period of time. This is a laborious and intensive programme. However, only such a programme can yield results. The results and the successes will be common, they will be for all of us. All Hungarians, all families, the Hungarian fatherland and the Republic.”

*(Extracts from the Prime Minister’s annual opening address)*

## **THE MAIN PRINCIPLES OF REFORM GOVERNING**

### **THE AIM OF THE REFORMS**

The government of the Hungarian Republic has carried out and is preparing measures with a structural effect regarding a wide circle of public services. These in their entirety cover state reform, by which the government means the comprehensive re-regulation and reorganisation of public tasks based on new principles and values.

The aim of the state reform is the establishment of a new and modern state which:

- offers better quality services than today to its citizens by a better and more efficient utilisation of our tax Forints;
- ensures a fairer access to community services for all its citizens and helps those dropping behind to catch up;
- ensures the conditions for the sustainable financing of public services.

At the same time, the reforms re-state and clearly define individual and community responsibilities and obligations in every field. A country reform has begun as it is not the state only that changes but the relationship of the state and the citizens, too. This renewing relationship offers more opportunities, but at the same time, it expects more responsibilities from the citizens using and financing the state services through their taxes. The changes serve the development of a new social culture and set of values where the needs of the citizen taking responsibility for him or herself and for the community, too and the means of the state draw nearer to each other. Where everyone undertakes a share of the common burdens in accordance to his or her means and where the citizen is not a self-interested user of the services financed from public moneys, rather, knowing the value they represent, responsibly decides on using them while being aware of his own and the community’s interests.

### **ON THE MECHANISM OF PREPARING DECISION MAKING**

The government considers 2007 a crucial and decisive year for reforms and works with the intent of making all the necessary comprehensive decisions related to the direction, principles and tools for the transformations in all of the reform areas defined.

From the point of view of reforms 2007 is a new period which brings a new approach with it. While the reforms in 2006 were mainly one-off “point-like” interventions focused on reduced expenditure, termination of redundant capacities, and the establishment of mechanisms forcing improved efficiency, the steps in 2007:

- in their content, gradually place the emphasis on changes serving quality improvement and fairness;
- require longer term and wider concept-related preparations which necessitates the involvement of experts of

the various areas and of the widest possible circle of representatives who have an interest in the issues.

Parallel to this preparatory work and related to decisions made in the past year work has to be continued to develop the details of the measures as well as the implementation and introduction of steps already decided upon.

When defining the deadline of the reform measures listed herewith it is important to note that with regard to those in the case of which the legislative decisions are made by Parliament, the defined deadline is the planned date of bringing them in, while in the case of issues and matters not requiring Parliamentary decision, the deadline defined shows the planned date the Government discusses the proposal.

Regarding certain topics the government begins reform work by initiating a thorough analysing and revealing work to define the problems of the area in question and also to define the direction and depth of possible actions, to map the legal, social and economic limitations of the interventions. The last chapter of the 2007 reform programme indicates such “problem defining” works.

## **ON DIALOGUE**

It is the clear intention of the government to develop the necessary reforms as a result of sensible dialogue and joint thinking. An indispensable precondition for such work however, is for the government to develop concept creating, free problem raising preparatory considerations that define principles, directions and objectives which then it opens up for a wide debate. The aim of social debate is to ensure that by jointly thinking over the problems raised and the possible solutions suggested, the most suitable and most acceptable solutions are chosen.

In the case of certain priority strategic fields requiring long term preparations and a dialogue involving the entirety of the society as well as a comprehensive consensus, the government initiated the establishment of the Hungary Tomorrow round table. The national strategic issues are:

- pension and old age
- education and opportunities for children
- competitiveness

In relation to these themes the government has undertaken not to make decision without hearing the opinions of the round tables and wherever it deems it possible, it takes the proposals of the round tables into consideration. It is also important to note that the deadlines defined within these priority themes in the present document are but preliminary target dates, in other words, the government will only decide after hearing the opinions of the round tables.

It is true for the whole reform process that the government shall decide only after it has heard the views of the interested parties and experts, however it is important to emphasise that the government does not intend to restrain either itself or any of the interested parties and experts to think freely in order to define and resolve the problems and to weigh the various possible intervention alternatives.

In order to help the process of such free thinking the government continues to rely on the concept creating work of the ministers in charge of each individual area, also on the concept creation and coordination activities of the State Reform Committee, and will consider all initiatives and proposals coming from outside the state administration.

## **ISSUES ALSO DISCUSSED BY THE HUNGARY TOMORROW ROUND TABLE**

### **PENSION SYSTEM**

#### **Most important issues of the medium and long term sustainability of the pension system**

**Objective:** The most important objective – within the logic of the current pension system – is to take the necessary steps to ensure medium and long term sustainability, to develop a pension system which continuously adjusts itself to demographic changes. For this purpose the pension age focus needs to be increased, inequalities reduced, and instead of early retirement the promotion of work strengthened.

**Responsible:** Ministry of Social Affairs and Labour

**Deadline:** In line with the work schedule of the Hungary Tomorrow round table

#### **Examination of the issue of age allowance pensions and service pensions**

**Objective:** To examine the justifiedness of maintaining the current system of age allowance and independent

pensions systems (service pensions).

**Responsible:** In case of the pensions received by artists: the Ministry of Education and Culture, pensions received by miners: Ministry of Economy and Transport, and with regard to armed organisations: Ministry of Defence, as well as the Ministry of Local Government and Regional Development, and the Ministry of Justice and Law Enforcement.

**Deadline:** May

## **PUBLIC EDUCATION**

### **Creating opportunities, employability and education**

**Objective:** To increase employment which is lower than the European average. Introduction of targeted public education measures to decrease unequal opportunities closely related to low employment and characteristic to the Hungarian education system (early monitoring, strengthening of basic skills, teacher further training reform, performance based transformation of education support).

**Responsible:** Ministry of Education and Culture, Ministry of Health, Ministry of Social Affairs and Labour, ministry of Local Government and regional Development.

**Deadline:** no deadline, in line with the work schedule of the Hungary Tomorrow round table.

## **COMPETITIVENESS, ECONOMIC DEVELOPMENT, TAXATION SYSTEM**

### **“Tuned up for Business” programme**

**Objective:** The objective of the programme is to increase the operational efficiency of the entrepreneurial sector and to reduce the administrative burdens and obstacles of entrepreneurs. For this purpose company and tax administration, authorisation procedures need to be simplified – making use of the opportunities provided by the electronic management of affairs. In addition financial operational conditions need to be improved, the security of law and order for companies increased, the purity and transparency of competition strengthened. All these together improve the competitiveness of enterprises. The steps taken in the frame of the “Tuned Up for Business” programme will be developed in harmony with other specific deregulation measures.

**Responsible:** Ministry of Economy and Transport, Prime Minister’s Office, Ministry of Social Affairs and Labour, Ministry of Justice and Law Enforcement, State reform Committee, National Development Agency, Ministry of Finance.

**Deadline:** in line with the work schedule of the Hungary Tomorrow round table.

### **A new small and medium-sized enterprise development concept**

**Objective:** The objective of the concept is to improve the competitiveness of micro, small and medium-sized enterprises, to increase their income producing capacity and increase the number of employees in the sector. The realignment of small and medium-sized enterprises is planned to be promoted by providing a combination of financial programmes, supports, training, education and information. To ensure resources market conform tools are increasingly involved and the operation of financially sustainable programmes pursued. As a result of the development policy it is expected that a higher number of enterprises will be supported than currently thanks to an increase in the resources and the application of new tools.

**Responsible:** Ministry of Economy and Transport

**Deadline:** the concept was approved by the government at the 7 February 2007 session.

### **Necessary steps in the taxation system**

**Objective:** Considering the requirement that the total amount of tax revenues may depend on the implementation of objectives defined in the Convergence Programme, it is necessary to carry out – if possible - all the modifications in the Hungarian tax system, which improve economic productivity.

**Responsible:** Ministry of Finance, ministry of Economy and Transport, Ministry of Social Affairs and Labour, ministry of Local Government and Regional Development.

**Deadline:** problem revelation with regard to possible intervention directions: end of June, 2007, and in line with the work schedule of the Hungary Tomorrow Round Table.

### **Development and implementation of a unified science, technology and innovation( STI) policy**

**Objective:** The objective of a unified STI policy is to include the elements and measures of the national innovation system in a unified system for the purpose of establishing a domestic knowledge-lead economy, thus making it possible to harmonise existing resources, to improve the legal environment of research- development and result utilisation. The wide spread of large added value products and services improves economic productivity and as a result, the income of employees. In addition many research results also improve directly the quality of life (e.g. life sciences, environment protection technologies, developed public services).

**Responsible:** Ministry of Education and Culture, Ministry of Economy and Transport

**Deadline:** March (strategy and government decision); 2<sup>nd</sup> half of 2007 (law modifications)

## COMPREHENSIVE GOVERNMENT REFORM MEASURES AND POLICY DECISIONS

### DEREGULATION, REDUCTION OF BUREAUCRACY

**Deregulation of laws which considerable burned the population and the companies; lifting the legal obstacles in the way of making the 27 most sought public services electronically available and enabling the management of affairs possible via the internet.**

**Objective:** the most important is to reduce administrative burdens and expenses by which the handling of affairs becomes simpler, of better quality, more economical and more transparent.

**Responsible:** State reform Committee, Ministry of Justice and Law Enforcement

**Deadline:** concept: March; laws: October

### PUBLIC EDUCATION

#### Comprehensive measurement system in public education

**Objective:** The most important objective is to create quality and efficient education. A main tool for this is to further develop and rolling out the current measurement system completely.

**Responsible:** Ministry of Education and Culture

**Deadline:** April

#### Performance-based allowance system

**Objective:** The most important is to achieve more successful task completion, better accountability, quality teacher performance and quality public education service. The measure also supports the employment security of teachers delivering quality work.

**Responsible:** Ministry of Education and Culture, Ministry of Social Affairs and Labour, Ministry of Finance.

**Deadline:** April

### HIGHER EDUCATION

#### Tightening the enforcement of quality requirements in the higher educational accreditation system

**Objective:** The higher educational accreditation system has gaps which do not guarantee the development of quality, transparent and performance based higher education. Therefore the current system needs further regulation in order to ensure better enforcement of quality requirements.

**Responsible:** Ministry of Education and Culture, Ministry of Social Affairs and Labour, Ministry of Finance

**Deadline:** March

#### Introduction of a system based on the career monitoring of graduates

**Objective:** A closer relationship needs to be developed between the market and higher education so that the requirements of the labour market and the capacities of higher education mutually serve better competitiveness and

quality education.

**Responsible:** Ministry of Education and Culture, Ministry of Social Affairs and Labour

**Deadline:** March

#### **Introduction of performance-based wages/remuneration**

**Objective:** Similarly to public education, in order to achieve quality higher education, for a more successful completion of tasks and better quality teaching activity, there is a need to introduce a performance-based wage / remuneration system.

**Responsible:** Ministry of Education and Culture, Ministry of Social Affairs and Labour

**Deadline:** May

### **VOCATIONAL TRAINING**

#### **Renewal of vocational training**

**Objective:** Considerable improvements have taken place to date in the harmonised development of vocational and adult training, in developing the vocational training institutional system aligned to the labour market, however, further refinements and developments are needed. For the sake of sustainable development there are things to be done in the following areas: utilisation of vocational training school capacities in adult training, vocational training capacity regulation, career counselling and career orientation system in vocational training, career monitoring system of those having obtained a qualification, and the supervisory system of professional exams.

**Responsible:** Ministry of Social Affairs and Labour

**Deadline:** April

### **HEALTHCARE**

#### **Re-thinking and rolling out the Public Health Programme**

**Objective:** improvement of the health conditions of the population, strengthening the health awareness and cost-awareness of the population.

**Responsible:** Ministry of Health

**Deadline:** October

#### **Choice of an insurance model**

**Objective:** To choose a social insurance model with which the best quality can be obtained with the existing resources and at the same time which ensures fair access and is in harmony with the principle of national risk community.

**Responsible:** Ministry of Health

**Deadline:** April

#### **Development of the small regional level standards of healthcare services**

**Objective:** The objective is to establish a better, more efficient structure sustainable on the long term from existing resources – at the expense of existing capacities –, which improves the quality of the services, and ensures equal access to them for as many people as possible.

**Responsible:** Ministry of Health

**Deadline:** March

#### **Transformation of the legal status of healthcare workers**

**Objective:** The legal status of healthcare workers need to be transformed, that is solutions have to be found ensuring more flexible working conditions and better income for healthcare workers.

**Responsible:** Ministry of Health, Ministry of Social Affairs and Labour

**Deadline:** April

#### **Regulation of duty**

**Objective:** The objective is to develop the structure of overtime and the related wage system. The division of labour should be developed so that it, too, supports a more efficient, safer and better quality service.

**Responsible:** Ministry of Health

**Deadline:** May

### **Helping the establishment of the more efficient, more economical and more transparent operation of healthcare providers**

**Objective:** Currently the management of a healthcare provider is overseen and can be held accountable but to a certain extent. Decisions are made on the utilisation of our joint forints without the leaders taking a personal responsibility, so this needs to be changed. The objective therefore is to extend supervision and operation with elements – such as the compulsory employment of auditors, operation of a board of supervisors – which makes the system more controllable and more transparent.

**Responsible:** Ministry of Health

**Deadline:** April

## **SOCIAL INSURANCE**

### **Reconstruction of the social insurance system**

**Objective:** The most important tasks are to think over the social insurance branches and to develop an insurance system harmonised with the burdenability of society and with sustainable growth based on the principles of solidarity and social justice.

**Responsible:** Ministry of Finance, State Reform Committee, Ministry of Health, Ministry of Social Affairs and Labour

**Deadline:** September

## **DISABILITY, REHABILITATION**

### **Re-regulation of disability and rehabilitation**

**Objective:** Realisation of social fairness, reducing the abuse of the “declaration of disability” and increasing the employment of those with altered working capacity are the objectives. For this purpose a new allowance system is to be developed encouraging work and a complex institutional and service system for rehabilitation which ensures the conditions for the above.

**Responsible:** Ministry of Social Affairs and Labour, Ministry of Health

**Deadline:** April

## **LOCAL GOVERNMENT**

### **Revision of compulsory tasks, deregulation if justified**

**Objective:** Differentiated task deployment and deregulation also contribute to more efficient, better quality service provision and to more economical access to services. The revision/deregulation of compulsory tasks may equally affect public education and the social benefits.

**Responsible:** Ministry of Local Government and Regional Development, State Reform Committee, ministries involved, Ministry of Finance, Ministry of Social Affairs and Labour, Ministry of Education and Culture, Ministry of Health

**Deadline:** March-April

### **Transformation of local government financing**

**Objective:** The aim is to develop a transparent system calculable and plannable on a longer term, which is connected to the revision of compulsory tasks. The basic principle is to ensure that the tasks, responsibilities and resources move together. The transformation of financing naturally affects the structures and forms of local government revenues, in line with the transformation of the taxation system.

**Responsible:** Ministry of Finance, Ministry of Local Government and Regional Development

**Deadline:** September

### **Further strengthening of small regional cooperation**

**Objective:** Deeper cooperation increases the quality level of services, management of affairs becomes simpler and quicker at several points (one-window system) and in addition, resource utilisation becomes more sensible.

**Responsible:** Ministry of Local Government and Regional Development

**Deadline:**

1. Revision of small regional border definitions: April-May
2. Deployment of notary tasks to small regions: June
3. Extension of the notary system: September, /in the period of the debate on the budget law

## **SOCIAL AFFAIRS, EMPLOYMENT**

### **Modernisation of the re-distributive system**

**Objective:** The main welfare supplies should be more focused and should better encourage work. The aim is to develop a clear, more focused and fairer support system based on a common principle.

**Responsible:** Ministry of Social Affairs and Labour, Ministry of Finance

**Deadline:** October

### **Rationalisation of social, social insurance and labour market allowances**

**Objective:** With the more efficient utilisation of existing resources the quality of services will be better, quality requirements will become clearer by introducing minimum standards. It is important to develop sector-neutral regulation.

**Responsible:** Ministry of Social Affairs and Labour, Ministry of Finance

**Deadline:** October

### **Modernisation of supported employment**

**Objective:** With a more flexible regulation of public employment forms a more sustainable and fairer system can be developed.

**Responsible:** Ministry of Social Affairs and Labour

**Deadline:** October

## **PUBLIC SERVICE, PUBLIC ADMINISTRATION**

### **2<sup>nd</sup> step of the further-development of the public service system**

**Objective:** The strengthening of the personnel and efficiency of the Hungarian public service system is indispensable. This necessitates the introduction of new modernising institutions and solutions different from the traditional ones. The focus of modernisation is the introduction of the performance principle, modernisation of the promotion system and the improvement of the service quality offered to tax payers.

**Responsible:** Prime Minister's Office – Personnel State Secretary, Ministry of Defence, Ministry of Social Affairs and Labour, Ministry of Education and Culture, Ministry of Local Government and Regional Development, Ministry of Justice and Law Enforcement

**Deadline:** May

### **e-public administration**

**Objective:** To increase the efficiency of public administrative management of affairs, the speed of operation, improve the satisfaction level of clients, and ensure more founded decision-making. Measures involve: establishing the communication between registries and data bases in line with the data protection act; gradual introduction of electronic management processes (in line with deregulation), e-based organisational operation to serve the clients faster and better.

**Responsible:** Prime Minister's Office (EKK)

**Deadline:** March (action plan)

**Continuation of organisational reforms: regional integration of the institutions fulfilling the backup functions of local state administrative bodies; strengthening and development of the regional public administrative office**

**Objective:** The organisational reform of public administration with regard to regional institutions too should be directed to ensuring that public administration switches from its traditional national budget redistributive role to an EU conform economic booster role. All this requires another type of institutional structure. In addition to achieving a more efficient operation, the most important aim of the continued organisational reforms is to ensure that the regional institutions of the state assist the local governments with regard to EU support possibilities. Increasing efficiency, supporting sustainability, creating a better quality public service provision are the main objectives. With integration, fair accessibility is also improved. Strengthening and developing the regional public administrative offices also support efficient work, and the provision of speedier and better service to customers.

**Responsibility:** Ministry of Local Government and Regional Development, Prime Minister's Office- Personnel State Secretary

**Deadline:** May (concept)

**Making generally available the quality development model (CAF) proposed by the EU in state administration**

**Objective:** The EU-wide accepted quality development model used in state administrative organisations is also used by 220 state administrative bodies already, of which 51 are local governments. The aim of the programme is to introduce – as a first step – the method ensuring more efficient processes in all the ministries by the end of 2007. As a result of this the quality of services provided by the ministries may improve and their leader role becomes more efficient.

**Responsible:** Prime Minister's Office

**Deadline:** July

**Reform of the state administrative notary scope of authority and task deployment**

**Objective:** The revision of the notaries' scope of authority and task with the aim of deregulation, and the deployment of individual notary tasks to small regional levels serve the improvement of the efficiency and speed of handling affairs and the improvement of professional quality levels.

**Responsible:** Ministry of Local Government and Regional Development

**Deadline:** June

**STRENGTHENING STATE LAW ENFORCEMENT**

**Ensuring on-line examination of personal identification documents by lawyers, public notaries and courts**

**Objective:** Strengthening the safety of legal affairs in a way that the legal expert proceeding during property transfers, company foundations has the right to examine the identity of the client to prevent abuses.

**Responsible:** Ministry of Justice and Law Enforcement

**Deadline:** March

**STATE PROPERTY ADMINISTRATION**

**Reform of state property management**

**Objective:** Development of a clear legal regulation encouraging more effective and cost-efficient solutions and ending the current regulatory and organisational dividedness, for the management and utilisation of state property and its institutional system, reduction of the number of property right owners, concentration of information necessary for well-founded property management decisions, strengthening the control of the establishment and operation of companies remaining in state ownership.

**Responsible:** Ministry of Finance

**Deadline:** June

### **Development of property management techniques in line with the various reform concepts**

**Objective:** Definition of the company shareholders remaining in long term state ownership, the identity of those exercising ownership rights and the method of ownership.

**Responsible:** Ministry of Finance, with the involvement of the ministries interested

**Deadline:** June

### **TRANSPORT**

#### **Harmonisation of the tariff system, transport price subsidy and price allowance in community transport**

**Objective:** the harmonised and unified operation of community transport fundamentally improves the quality of travelling. For this purpose as a first step, a unified tariff and allowance system will be introduced. With further changes, the transformation of the allowances – in light of the social deprivation – aims to make the tariff system fairer. Allowances can only be meaningful within the frame of the state budget, therefore the system of consumer transport price subsidies will also change. Parallel with the above, the continuous harmonisation of schedules, the re-thinking of the division of work between the sub-branches (railroad, public road) and the development of the financing system of public transport services will develop the conditions which encourage the service providers to more efficient management.

**Responsible:** Ministry of Finance, Ministry of Economy and Transport, Ministry of Social Affairs and Labour, Ministry of Education and Culture

**Deadline:**

1. Development of the system of consumer transport price subsidy in community transport: February; entering into force: May
2. Modification of the system of travel allowances: March; entering into force: May
3. Transformation of the community transport tariff zone structure: April; entering into force: May
4. Concept of basing the system of travel allowances on social deprivation: September
5. Transformation of the financing of community transport: April (government decision)
6. Harmonisation of railway and bus transport: continuous till December

#### **Rolling out the sticker-based toll payment system**

**Objective:** the objective of extending the toll payment system is to direct and keep freight traffic on the speedways thus reducing the damages they cause to the road network and the environment. In addition, it is an important objective that the proportion of the fee paid by the freight traffic nears the proportion of surplus costs of extra road maintenance they cause. The surplus revenues arising from the extension of the toll system increase the limited budget available for the maintenance of the road network.

**Responsible:** Ministry of Economy and Transport

**Deadline:** February (government decision); April (coming into force)

### **ENERGETICS**

#### **Working out an energy concept to ensure the safety, competitiveness and sustainability of the supply; transformation of the utilisation and regulatory system of renewable energy resources; liberation of the energy market**

**Objective:** Maintenance of safe energy supply, ensuring sustainability and the extension of renewable resources are the main objectives. Another objective in the system of energy consumption and management is to help the switch to more efficient, economical energy utilisation by encouraging and supporting the consumers. Parallel with the full-scale liberation the light and heating service is replaced by the free market and at the same time a “universal service” is introduced which guarantees that civil consumers and small businesses having become disadvantaged in market competition may obtain guaranteed quality service on pre-defined conditions.

**Responsible:** Ministry of Economy and Transport, National Development Agency, Ministry of Agriculture and

Rural Development, Ministry of Environment and Water Management

**Deadline:** April

## **ENVIRONMENT PROTECTION**

### **Encouragement of the recycling of products by the further development of the deposit fee regulatory system**

**Objective:** In order to manage the natural resources sustainably the objective is to reduce the amount of waste produced, to re-direct the products having become waste to the producer and through them to waste utilisers and to promote making use of waste materials. Connected to the above, the environmental awareness of the consumers and the interestedness of producers and tradesmen should be strengthened.

**Responsible:** Ministry of Environment and Water Management, Ministry of Economy and Transport, Ministry of Agriculture and Rural Development

**Deadline:** October

### **A new approach to prevent the damages caused by inland waters: complex handling of water shortage/excess**

**Objective:** Establishing the harmony between rational land utilisation, the protection of natural values and the cost-efficient prevention of inland waters by promoting the management of inland waters as a water resource. In areas struck by inland waters a new kind of land utilisation is developed which is better adjusted to the nature of the arable land and is less sensitive to damages. On the other hand, the reservoirised inland waters can contribute to alleviate the environmental risks cause by drought. As a result of the protection of inland waters and a more balanced management the population retaining capacity and local employment in rural areas can increase, while the prevention costs financed from the state resources can be decreased.

**Responsible:** Ministry of Environment and Water Management, Ministry of Agriculture and Rural Development, Ministry of Local Government and Regional Development

**Deadline:** March

### **Act on national parks**

**Objective:** Development of national parks in line with international requirements, which operate on a higher quality level, have an outstanding attractive value for tourism and an effect on the region. In addition to the protection of the natural heritage, the activities of the Hungarian national parks will also include landscape management, bio-management, as well as tourism, education and the shaping of attitudes. All of these contribute to rural development.

**Responsible:** Ministry of Environment and Water Management

**Deadline:** June

### **Transformation of the public water supply sector**

**Objective:** the objective is to develop a quality, cost-efficiently operating water supply service effectively ensuring the interests of the consumers. The comprehensive, modern legislative regulation of the water supply service helps to effectively protect the interests of the consumers, the integration of the water supply service sector, the access to the highest possible EU support obtainable for the development of the services and the development of a clear and compulsory re-training structure.

**Responsible:** Ministry of Environment and Water Management, Ministry of Finance

**Deadline:** April

## **CIVIL AND CRIMINAL LAW CODIFICATION**

### **New Civil Code**

**Objective:** Based on the concepts approved a new code is developed covering the regulation of individual rights, family law, property law, contracts and inheritance law. The aim is to develop a more modern, clearer regulation devoid of contradictions, which strengthens the autonomy of individuals, increase the protection of consumers, augments the contractual freedom and applies legal solutions better suited to the requirements of trade and the market.

**Responsible:** Ministry of Justice and Law Enforcement

**Deadline:** December

## **New Penal Code**

**Objective:** The development of a new code in line with the regulatory principles of modern European criminal law. By increasing the group of sanctions not entailing imprisonment the prison population numbers decrease which may reduce the state burdens. To clearly set down the criminal prohibitions and orders for the citizens by a more precise definition of punishable behaviour, thus helping law abiding behaviour.

**Responsible:** Ministry of Justice and Law Enforcement

**Deadline:** spring of 2008

## **PROBLEM REVEALING CONCEPTS**

### **1. FURTHER STRENGTHENING STATE LAW ENFORCEMENT**

#### **Main areas of problem definition:**

- authorisation processes, control procedures, sanctioning efficiency and tools
- speeding up justice procedures, strengthening the executive system
- possibilities for the simplification of public procurement regulations for clarity and efficiency
- tools for efficient action against corruption

**Objective:** More transparent state administration, with clear rights and responsibilities, more efficient, simpler and effective law enforcement (quality improvement), reducing current injustices by setting the regulations and procedures in order, improvement of the business environment.

**Responsible:** Ministry of Justice and Law Enforcement, State Reform Committee

**Deadline:** April

### **2. STRENGTHENING TRANSPARENCY AND BUDGET DISCIPLINE IN STATE ADMINISTRATION**

#### **Main areas of problem definition**

- task and performance based planning, financing and reporting through the renewal of state administrative IT system
- introduction of policy and institutional level performance measurement in the public sphere, development of measurable targets, indicators, connecting task-based financing to such indicators (in line with the reform of public administration)
- arrange the different legal status of budget organisations, differentiated regulation of the current state budget management forms to better fit the various tasks and activities
- involvement of non-profit and private sector in fulfilling public tasks
- revision of budget automatisms.

**Objective:** Strengthening transparency, financial discipline, calculability and foreseeability in budget planning, implementation and reporting. The series of measures greatly contributes to setting the foundation for the long term sustainability of the budget.

**Responsible:** Ministry of Finance, State Reform Committee

**Deadline:** March

### **3. REVISION OF THE TOOLS AIMED AT STRENGTHENING THE TRANSPARENT MANAGEMENT OF HIGHER EDUCATIONAL INSTITUTIONS AND THE EFFICIENT UTILISATION OF RESOURCES**

#### **Main areas of problem definition**

- ensure the conditions for transparent operation and accountability
- possibilities for rolling out the competences of the economic council
- defining the tools and conditions ensuring greater profession substantiation and providing better

quality per unit resource in institutional management

**Objective:** Ensure the publicity of institutional management decisions to make sure they are widely known and can be controlled.

**Responsible:** Ministry of Education and Culture, State Reform Committee

**Deadline:** March