

The Current Status of Self-Governing Regions in Slovakia with Potential Prospects for Future Development

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Abstract

The paper deals with the evaluation of the development of public administration in Slovakia, focusing on the analysis of self-governing regions. Based on the assessment of the current state of self-governing units it emphasizes the need for the formation of quality of regional policy. When evaluating the level of governing regions, we use several indicators. We focus on the financial, institutional and informational indicators. For the comparison, we use a rating of total transparency, which contributes to a more comprehensive view of the self-governing regions.

Introduction

Public administration in the Slovak Republic plays an important role in the everyday life of households as well as in the total economic situation of the country. The aim of the article was to compare the situation in specific territorial units called self-governing regions. We focused mostly on the financial sources as one of the most important factors of the effective allocation of the resources in the territory (and that is why also distribution of the resources for organising necessary competences, both original as well as transferred from the state administration). According to the available secondary sources of information, we compared the percentage ratio of the personal income tax on the total amount of the reallocated resources. We mostly used a method of analysis, comparison, and synthesis as well as basic quantitative methods. We also analysed data on the level of the public sector informatization and usage of the communication technologies in the public institutions. These two fields help to provide public services in electronic form to the wider public.

The actual model of public administration is based on the elected offices. They present the preferences of the wider public as well as public interest in matters at the moment of the elections. We analysed voter turnout in all self-government regions in all regional elections thus far. The last indicator we describe in the article is the performance of self-government in transparency (we have used available data from the Transparency International).

By the means of the secondary data, we have compared several indicators within all self-government units. We have also pointed out relevant differences in the public administration on the regional level. We have confirmed that higher territorial units (HTU) play a very important role in the Slovak public administration system.

1 Public Administration in Slovakia

Dynamic processes that help to adapt public administration to the economic situation in the country have accompanied public administration progress in Slovakia from the beginning. In Slovakia, a dual system of public administration is in effect. It is characterised by the separation of the

* This article is part of the research project VEGA 1/0935/13.

state administration and territorial self-administration. This model creates conditions for the large range of self-governmental liberty in managing a territory. Transfer of the state administration to the self-government has been managed by the means of the act on the transfer of some competencies from state administration to municipalities and higher territorial units. The subject of our research was the regional level of public administration that is created by the higher territorial units (further in the text HTU) and by the local self-governments (towns and villages). The HTU self-government, as we know it now, started from the 1 January 2002. Act no. 302/2001 Coll. And regulates the status of the 8 HTU, which are independent territorial and administrative units of the Slovak republic. Local self-governments have had a long-lasting tradition in Slovakia and they represent the lowest level of public administration since the beginning of 1993. Act no. 369/1190 Coll. on municipal government regulates the status of towns and villages (municipalities) in Slovakia. According to the act, the municipality is the lowest territorial and administrative unit in Slovakia that, within the law, manages its own territory (more about legal aspects of functioning of public administration in Slovakia in Vanová 2009). A simple scheme of the present model of the public administration is displayed on the figure no. 1.

One of the characteristic features of the public administration system is the existence of the legislation that regulates competences and activities of particular levels of public administration. The Government of the Slovak Republic represents the highest level of the state administration. The central state administration consists of the ministries (at this moment 13 ministries) and other central bodies of state administration. Local state administration is arranged on the district and regional levels, with different authorities holding their particular competences.

The second part of public administration consists of the self-governing regions (called also higher territorial units) and municipalities. They fulfil mostly self-governmental activities, but they have also competences in the field of the transferred state administration.

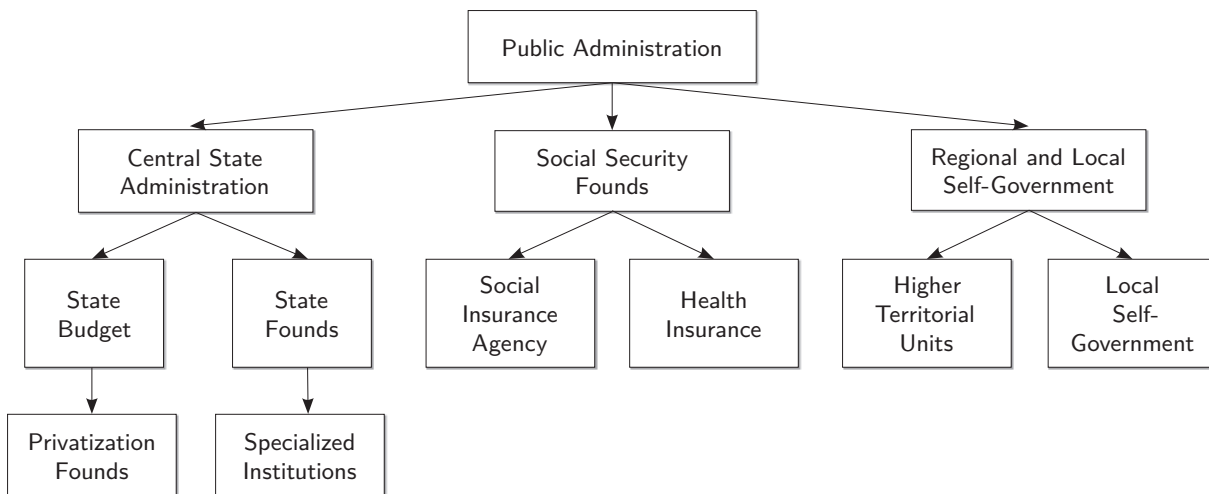


Fig. 1. Model of Public Administration in Slovakia

2 Current situation in Public Administration Reform in Slovakia

At the present time, reform of public administration is closely linked with the government program ESO (effective, confidential and open state administration). New act no. 345/2012 Coll. on some arrangements in local state administration (in effect from 1st January 2013) which realises the aims of the Manifesto of the Government of Slovak Republic for the years 2012–2016 as well as goals of the ESO program. The main aim of the ESO program focuses on increasing the transparency of the state administration by the mean of the competences transfer. It is linked also with cutting down the amount of state administration bureaucracy that had managed state administration so far. We can divide ESO targets into two main steps. The first step was carried out at the beginning of 2013. In this step, regional bureaus of the specialized local state administration were cancelled and their competences were transferred to the existing district bureaus in the regional

seats. The result of this step is cancellation of 8 regional building authorities, 8 regional educational authorities, 8 military territorial authorities, 8 regional bureaus of the environment, 8 regional bureaus of land management, 8 regional bureaus of forest management, 8 regional offices for road transport and land communications and 8 cadastral offices. Altogether 64 offices with regional competences were cancelled.

We can sum-up the following effects of the first step of state administration reform:

- the number of authorities that are responsible for managing state property, performing public procurement and deciding about the personnel issues was reduced,
- elimination of corruption and that is why also an increase in the transparency of the management and audit of public resources.

According to the available estimation, financial savings from the first step of the reform should be approximately EUR 3,2 million¹ (savings of the Ministry of Education are not involved in this estimation).

The second step of the reform should focus on the concentration and integration of all activities within state administration to the one state authority. The estimated beginning of this step is from the 1st January 2014. Starting from this date, the number of district bureaus managing the local state administration should be restricted. Most probably, new district authorities will be established and they will cover local state administration completely. Total financial savings of the ESO program are estimated for EUR 700 million by the end of 2016.

3 Status of the Higher Territorial Units in the financial matters

Beside state administration, territorial self-governments play an important role within public administration. Fiscal decentralization strongly influenced the growing financial independence of the self-governing units. The act no. 564/2004 Coll. on budget reallocation of the income tax revenues regulates matters of use, timing and methods of reallocation of the income tax revenues into the budgets of municipalities and higher territorial units. After amending this act several times, current legislation stipulates that personal income tax revenue is divided into 3 parts. It means that 65,4% of the total revenue is reallocated to the municipalities' budgets, 21,9% to the HTU budgets and 12,7% remains in the state budget. This should lead to the higher motivation of self-governments to get financial revenue from their own sources—local taxes which they can apply within their territory. In addition to the shared income tax, HTUs have also a share in the tax on vehicles.

Generally binding ordinances of HTUs regulate conditions for collection of local taxes, for example the rate of taxation, easement of taxation, etc. All these ordinances must be in accordance to the normative legal acts of the higher legal power. By the means of the normative activities it is possible to help finance self-government competences more effectively (Krnáč and Kollár 2012).

We consider deeper analysis of the financial independence and income structure relevant for further development of the self-government units (because effects of the financial crisis have also directly influenced the system of self-government financing). Lack of the income from the personal income tax in 2010 caused many complications for particular self-government units, mostly for the performance of their competences. That is why we consider financing of self-government administration one of the most crucial pillars of the functions of self-government. It will hardly be possible to arrange and organise public policy in accordance with the preferences and demands of inhabitants in the particular territory, without long-term stability of the public administration revenues. The decentralisation process linked with the transfer of the competences to the local self-government administration should be in accordance with the subsidiarity principle. Fiscal decentralisation creates assumptions for more economic utilization of the financial sources. The moral imperative of contemporary citizens (and public authorities) should be to use the existing sources as effectively as possible and avoidance of their improper use (Šuplata 2011). The legislative

1. In the journal (in both Polish and English texts) European practice of number notation is followed—for example, 36 333,33 (European style) = 36 333.33 (Canadian style) = 36,333.33 (US and British style). Furthermore in the International System of Units (SI units), fixed spaces rather than commas are used to mark off groups of three digits, both to the left and to the right of the decimal point.—Ed.]

framework of public administration should assure that the decentralisation process will be developed together with the idea of moral responsibility not only on the regional level.

4 Multi-criteria evaluation of the Higher Territorial Units (HTUs) in Slovakia

4.1 Bratislava Self-Governing Region (BASGR)

The ratio of the BASGR on the total reallocated share of taxes was 8% during the analysed period (tab. 1). As we mentioned already above, criteria for distribution of the share of taxes are given by law and the total distributed amount depends on the total personal income tax. In the field of public finances, we tried to evaluate the amount of the self-government regional debt per capita (in euro) and total self-government regional debt (evaluated as the percentage ratio on the total income in a particular year). In 2011, BASGR reached a debt level of EUR 93 per capita and total debt of 48,25% of the total income. A comparison of the situation in 2010 and 2011 is shown in the table 2.

Tab. 1. Share of the Higher Territorial Units in the natural persons income tax revenue (%)

Higher Territorial Unit	2012	2011	2010	2009	2008
Bratislava Self-Governing Region	8	8	8	8	8
Trnava Self-Governing Region	10	10	10	10	10
Trenčín Self-Governing Region	11	11	11	11	11
Nitra Self-Governing Region	13	14	14	14	14
Žilina Self-Governing Region	13	13	13	13	13
Banská Bystrica Self-Gov. Region	15	15	15	15	15
Prešov Self-Governing Region	16	16	16	16	16
Košice Self-Governing Region	14	14	14	14	14

Source: Own elaboration according data from www.finance.gov.sk

Tab. 2. Total debt in the self-governing regions

Higher Territorial Unit	Inhabitants (thousands)	Total Debt (%)		Debt per capita (EUR) in 2011
		2010	2011	
Bratislava Self-Governing Region	629	24,46	36,31	60
Trnava Self-Governing Region	563	54,82	56,26	96
Trenčín Self-Governing Region	599	44,85	50,59	91
Nitra Self-Governing Region	705	31,75	31,31	57
Žilina Self-Governing Region	698	38,37	38,36	72
Banská Bystrica Self-Gov. Region	652	42,96	48,25	93
Prešov Self-Governing Region	809	37,14	37,94	66
Košice Self-Governing Region	780	48,98	57,41	96

Source: Own elaboration according data from www.finance.gov.sk

In the field of participation and interest of the inhabitants on public matters, we have analysed the ratio of the legal voters who actually participated (voted) at the regional self-government elections. We have analysed this data for all regional elections since 2001. We consider this indicator one of the most important because it indicates general interest in public matters and policy. According to the available data, voter turnout in BASGR was 23,94% in the first election, 14,45% in 2005 and 19,46% in 2009. In general, voter turnout was very low in all three analysed periods. It could be a significant feature of the inadequate interest of inhabitants in public matters. The voter turnout in all 8 self-government regions during all three elections is shown in the table 3.

Tab. 3. Voter turnout in the Higher Territorial Units elections (%)

Higher Territorial Unit	2001	2005	2009
Bratislava Self-Govern. Region	23,96	14,45	19,46
Trnava Self-Govern. Region	33,73	14,50	20,46
Trenčín Self-Govern. Region	21,55	12,30	20,59
Nitra Self-Govern. Region	34,69	21,67	21,81
Žilina Self-Govern. Region	23,67	15,69	23,68
Banská Bystrica S.-Gov. Region	24,16	18,65	27,06
Prešov Self-Govern. Region	25,5	19,47	26,31
Košice Self-Govern. Region	21,79	19,27	22,93

Source: Own elaboration according data from www.statistics.sk

Tab. 4. Informatization of public administration

Higher Territorial Units	Inhabitants without access to broadband internet connection (thousands)	Households without access to broadband internet connection (thousands)	Municipalities without access to broadband internet connection
Bratislava Self-Governing Region	38	15	35
Trnava Self-Governing Region	148	60	170
Trenčín Self-Governing Region	150	60	200
Nitra Self-Governing Region	270	110	290
Žilina Self-Governing Region	200	70	240
Banská Bystrica Self-Gov. Region	220	90	450
Prešov Self-Governing Region	305	100	590
Košice Self-Governing Region	290	100	400
Total	1 621	605	2 375

Source: Slovak Telekom, 2007

In the area of use of information technologies in public administration we analysed data on the number of households and municipalities which have no access to broadband internet connection in particular regions. Detailed information is shown in the table 4 (more about advantages of internet in Adamska 2012). In the BASGR, 15 thousand households and 35 municipalities were not connected to broadband internet in 2007. In 2006, nearly 10% of municipalities were without internet access and about 50% of municipalities did not have a website. Detailed information about the situation in all regions is shown on figure 1.

In the field of openness and transparency, BASGR reached 47% (it represents the third position within all regions, as is shown in the tab. 5). Areas with the best evaluation in BASGR are budget (70%) and country planning (100%). The worst or most negative evaluation was in the areas of participation of the public on the decision-making process (19%) and personnel policies (19%).

4.2 Trnava Self-Governing Region (TTSGR)

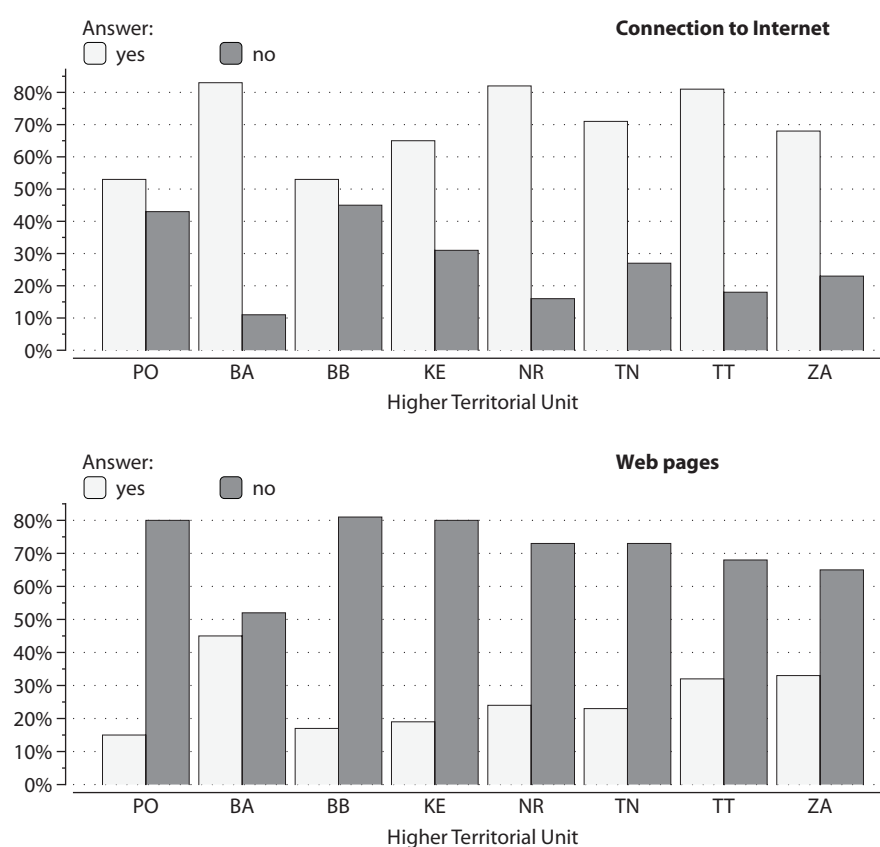
The same analysis, as in the BSGR, was made also in TSGR. However, in the financial field, we were not able to get information about the ratio of tax incomes on the total incomes. Regarding the share of taxes, TSGR reached a 10% ratio on the personal tax revenue within the entire analysed period (tab. 1). It is around 2% more than in the BSGR in the years 2005–2010. Total debt per capita is shown in tab. 2 and it was EUR 96 per inhabitant in 2010. Total debt was 56,26% of the tax income in the same year. In absolute values it was EUR 54,048 million.

In 2001, about 21,55% of the legal voters participated in the elections. In 2005, voter turnout was much lower, just 12,3%. However, it was again 20,59% in 2009. It is clear that voter turnout was very low in all three elections. It could be caused by the inadequate interest of inhabitants in

Tab. 5. Order of Higher Territorial Units according to the openness and transparency rate (%)

Rank	Higher Territorial Unit	Rate
1.	Banská Bystrica Self-Governing Region	53
2.	Žilina Self-Governing Region	52
3.	Bratislava Self-Governing Region	47
4.	Prešov Self-Governing Region	47
5.	Nitra Self-Governing Region	46
6.	Košice Self-Governing Region	46
7.	Trnava Self-Governing Region	41
8.	Trenčín Self-Governing Region	35

Source: www.transparency.sk

**Fig. 1.** Internet conn. and web pages of the Higher Territorial Unit's municipalities in 2006

Source: www.zmos.sk

public matters. In the field of information technology, 60 thousand households and 170 municipalities were not connected to broadband internet in 2007. Only 80% of municipalities had internet access and only 30% of them had their own websites in 2006.

The level of openness and transparency is not very good in TSGR (tab. 5). TSGR was in the next to the last position (41%). Positive evaluation was in the area of personnel policies (88%) and country planning (100%). The worst evaluation, on the other hand, was in the area of public procurement and offering services (19%) and sale and lease of property (7%).

4.3 Trenčín Self-Governing Region (TNSGR)

The ratio of tax incomes on the total incomes was 48,25% in TNSGR in 2011 (tab. 1). Comparing to 2010, the year-on-year increase was 7,64%. Share of the TNSGR of the personal income tax was 11% during the analysed period of 2008–2012. Debt per capita reached EUR 91 in 2010, total

debt in the same year was EUR 54,509 million (it is above the USD 53,206 million which was the average debt of all self-government regions). Participation of voters in the elections was low in all three elections, which is linked with the lack of interest of inhabitants in public matters. In 2001 about 21,55% of inhabitants voted in elections, in 2005 it was only 12,3% (lowest voter turnout in all regions within the entire analysed period) and in 2009 again 20,59%. In the field of public administration use of information technologies, 300 municipalities had no access to broadband internet and 25% of municipalities did not have their own website in 2007. About 60 thousand of households were not connected to broadband internet in the same year. Regarding openness and transparency, TNSGR was in the last position of all regions (only 35%). Positive evaluation was in the area of the budget (63%) and country planning (100%). On the other side, the worst evaluated areas were public participation in the decision-making process (19%), personnel policy (19%) and ethics and conflict of interests (0%).

4.4 Nitra Self-Governing Region (NRSGR)

The share of the NRSGR in the personal income tax was 14% in the analysed period of 2008–2012. Public debt was 31,5% of the incomes in 2011 (in absolute figures it is EUR 40,185 million) and it was on the lowest level among all self-governing regions. Debt per capita was EUR 57 (again the lowest value among all regions). About 34,69% of inhabitants participated in elections in 2001, about 21,67% voters in 2005 and around 21,82% in 2009. In 2007, only 15% of municipalities did not have access to the internet and about 70 thousand households had no broadband internet connection. The level of openness and transparency was 46% which is the 5th position among all regions (tab. 4). The best positive evaluation was in the area of social facilities (78%) and country planning (100%). The worst evaluated areas were public participation in the decision-making process (19%) and personnel policy (19%).

4.5 Žilina Self-Governing Region (ZASGR)

The share of the total personal income tax revenues was 13% in ZASGR in the analysed period (tab 1). Debt per capita was relatively low comparing to other regions (EUR 72), total debt was 38,36% of the tax incomes in 2011. In absolute values, the total debt was EUR 50,256 million in 2011, which was under the average of all regions (tab. 4). Voter turnout was quite low also in ZASGR (tab. 3). It was 23,67% in 2001, 15,69% in 2005 (as in other regions, there was the lowest voter turnout in year 2005) and 23,68% in 2009. About 70 thousand households as well as 240 municipalities of the ZASGR had no access to broadband internet in 2007. Only 35% of municipalities had their own website in the same year (data from ZMOS research). Regarding openness and transparency, ZASGR reached the second best position (52%) as we indicated in the tab. 5. The best positive evaluations were in the area of country planning (100%) and self-government enterprises, subordinated organisations and investments (25%). The worst situation was in the sale and lease of property (13%) and personnel policy (19%).

4.6 Banská Bystrica Self-Governing Region (BBSGR)

The share of the BBSGR tax incomes of the total amount of the reallocated natural persons income tax revenue was 15% on average within the analysed period. Regarding the financial performance, debt per capita was EUR 93 in 2010 and the total debt of the BBSGR was 48,25% of incomes in 2011 (in absolute values it was EUR 60,636 million). Voter turnout was low (the same situation as in other regions). It was 24,16% in 2001, 18,65% in 2005 and 27,06% in 2009. About 90 thousand households and 450 municipalities in BBSGR had no access to broadband internet in 2007. In 2006, only 50% of municipalities had internet access and more than 80% of municipalities had no web site available for the public. Regarding openness and transparency, BBSGR reached the best position in 2012. The best evaluated areas were budget (88%) and country planning (100%). The worst evaluated, on the other hand, were public procurement and offering services (28%), and sale and lease of property (13%).

4.7 Prešov Self-Governing Region (POSGR)

The share of the POSGR of the total amount of the reallocated personal income tax revenue was 16% on average within the analysed period (tab. 1). The POSGR obtained the biggest part of the personal income tax revenue (comparing to other self-governing regions). It was due to the existing system of the resource reallocation. Debt per capita reached EUR 66 and total debt was EUR 53,394 million in 2011 (tab. 2). Regarding interest in public matters, the situation in POSGR was as bad as in other regions. Voter turnout was 25,5% in 2001, 19,47% in 2005 and 26,31% in 2009.

In 2007, about 100 thousand inhabitants and 590 municipalities had no access to broadband internet. More than 40% of municipalities had no any access to internet and 80% of municipalities did not have their own web site. The situation in POSGR was almost the worst comparing to other regions in that year. Regarding openness and transparency, POSGR reached the fourth best position (47%). The best evaluated areas were access to information (67%) and country planning (100%). However, the worst evaluated areas were public procurement and offering services (19%), and sale and lease of property (13%).

4.8 Košice Self-Governing Region (KESGR)

The share of the KESGR tax incomes of the total amount of the reallocated personal income tax revenue was 14% on average within the 2008–2012. Debt per capita reached EUR 91 in 2011; total debt was 50,59% of the tax incomes in the same year. Regarding the absolute values, KESGR was the most indebted region in Slovakia (debt was EUR 74,880 million). Participation of the inhabitants in the public matters has been quite stable in KESGR (however still very low). Voter turnout was 21,79% in 2001, 19,27% in 2005 and 22,93% in 2009. Access to broadband internet was not available to about 100 thousand households and nearly 30% of municipalities had no any access to internet. About 20% of municipalities did not have their own website. In the field of openness and transparency, KESGR reached the sixth place (46%).

Conclusion

Regarding our analysis we can sum up by saying that higher territorial units represent an important part of public administration in Slovakia and they have, regarding their competences and financial autonomy, a possibility to influence development in their territories. The law and current legal system regulate the HTU activities primarily; however, particular regions have achieved different economic results. In the area of tax incomes, differences are caused mostly by the existing legislative that set criteria for reallocation of the natural persons income tax revenues. Total debt of a particular region is influenced (besides other factors) mostly by the possibility of getting loans to finance activities (and that is why capital effects development in the region). The drawdown amount of loans could be different in particular regions and it depends on the overall economic situation in the region and ability of the region to payoff a debt from the obtained incomes. Voter turnout is in general very low in all regions. It could be caused by low interest of the citizens in public matters. We have compared the situation in particular regions regarding the openness and transparency of the regions (we used data collected by the agency Transparency International Slovakia). For our research we have used only information about the total value of the openness and transparency (more detailed information about the methodology and the indices used are on the web site www.transparency.sk). Partial comparison of the HTU level of informatization helped us to get an overview about internet access and broadband connections in Slovakia. The data we obtained confirm that level of informatization of the regions is inadequate. It will be necessary to pay closer attention to this aspect of public administration as well as to the public administration modernisation (by use of e-government as well). It will be also necessary to reallocate sources for particular levels of the public administration (with regard to the decentralization trends) and competences effectively. It should lead to higher rationalization in the usage of public funds.

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- VEGA 1/1141/11. Trh práce v kontexte špecifík neplatennej práce, meranie jej rozsahu a dopadu na domácnosti, podnikateľskú sféru a ekonomiku.