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SIGMA

**Support for Improvement in Governance and
Management in Central and Eastern European Countries**

**PUBLIC MANAGEMENT PROFILES OF
CENTRAL AND EASTERN EUROPEAN COUNTRIES:**

CZECH REPUBLIC

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(As of September 1999)

Political Background

The period of democratic transition began in November 1989 and was mainly defined by the following events: the ending of the totalitarian rule of the Communist Party on 17 November 1989; the beginning of the reconstruction of state administration and the centralized economic system in January 1990; the first democratic parliamentary elections to the Federal Assembly, the Czech National Council and the Slovak National Council in June 1990; the dissolution of the Federation on 1 January 1993; and the subsequent establishment of a public management system for the newly independent Czech Republic.

On 1 January 1993, the constitution of the Czech Republic entered into force. It characterises the Czech Republic as a sovereign, unitary and democratic state, based on the rule of law and on respect for human rights and freedoms. State power is exercised by the respective bodies of the legislative, executive and judicial branches of power. The legislative power belongs to the Parliament. It consists of two chambers: the Chamber of Deputies, with 200 deputies elected for a term of four years; and the Senate, with 81 senators elected for a term of six years. One third of the senators are elected every two years. The first elections to the Senate, for which transitional rules regarding the length of the senators' terms of office applied, took place in November 1996. The second elections took place in November 1998. Currently, the Civic Democratic Party hold 26 seats in the Senate, the Czech Social Democratic Party 23, the coalition of the Christian Democratic Union — Czechoslovak People's Party together with the Civic Democratic Alliance, the Freedom Union and the Democratic Union has 28 seats, and four seats are held by the Communist Party of Bohemia and Moravia.

The last elections to the Chamber of Deputies were held in June 1998. Five political parties are represented in the Chamber of Deputies: the Czech Social Democratic Party with 74 seats; the Civic Democratic Party with 63 seats; the Communist Party of Bohemia and Moravia with 24 seats; the Christian Democratic Union — Czechoslovak People's Party with 20 seats; and the Freedom Union with 19 seats. The latter is a new party that emerged after a split in the Civic Democratic Party.

Following the elections, Miloš Zeman, the leader of the Czech Social Democratic Party, was appointed Prime Minister and charged with forming a government. Following unsuccessful attempts to establish a coalition government with the Czechoslovak People's Party, he formed a minority government, which the President approved on 22 July 1998. With the exception of the Minister of Justice, all members of the government are social democrats.

In January 1998, Václav Havel was re-elected as President of the Republic at a joint meeting of both chambers of Parliament for a five-year term of office.

1. Constitutional Framework

1.1 Constitutional Bases

The new Constitution of the Czech Republic (Constitutional Act of the Czech National Council No. 1/1993 Coll. of 16 December 1992) came into force on 1 January 1993. To ensure the continuity of the Czech Republic's constitutional and legal systems, the Czech National Council passed a Law on Provisions Connected with the Dissolution of the Czech and Slovak Federal Republic (Constitutional Act of the Czech

National Council No. 4/1993 Coll. of 15 December 1992). Constitutional Acts, laws and other legal regulations of the Czech and Slovak Federal Republic that were in effect on the day of the dissolution continued to be in force, unless they were repealed. It is important to emphasise that the Charter of Fundamental Rights and Freedoms is an integral part of constitutional order.

The Constitution provides for a Constitutional Court consisting of 15 judges who are appointed by the President of the Republic and approved by the Senate (Articles 83-93). Judges serve ten-year terms. Among other responsibilities, the constitutional court rules on the repeal of laws or their individual provisions that are in violation of a constitutional Act or a ratified international treaty on human rights and fundamental freedoms. The Law on the Constitutional Court (No. 182/1993 Coll.) regulates in detail the procedures and the organisation of the Constitutional Court and the status of its judges. The constitutional court was established on 17 July 1993.

The first constitutional change was made by the Constitutional Act of 3 December 1997, "On the Establishment of Higher Territorial Self-governing Units and on the Change of the Constitutional Act No.1/1993 - the Constitution of the Czech Republic". The Constitutional Act provides for the division of the Czech Republic's territory into communities, which are the basic territorial self-governing units, and regions, which are the higher territorial self-governing units (revision of article 99 of the Constitution). Simultaneously the Act annuls article 103 of the Constitution, which had conferred on the higher territorial self-governing unit the competency to decide on its title (region or land); now it is stated in the revised article 99 (cf. also further under 5.2).

Currently under political discussion are constitutional changes concerning mainly the electoral system (inserting more elements of a majority into the proportional rule for the election to the Chamber of Deputies) and the scope of power of the President of the Republic.

1.2 *Nature of the State*

The Czech Republic is a parliamentary republic. It is defined by the constitution as a sovereign, unitary and democratic state, governed by the rule of law based on respect for the rights and freedoms of man and citizen. The constitution states that the people are the source of all power in the state. They exercise it through bodies of legislative, executive and judicial power.

1.3 *Division of Power*

The Constitution provides for the following division of power:

- legislative power, which belongs to the Parliament;
- executive power, with the President of the Republic as the head of state and the Government as the highest organ of executive power (the self-government of autonomous territorial units is guaranteed);
- judicial power, which is exerted by independent courts.

The President of the Republic (hereafter referred to as the "President") is the head of state. He is elected at a joint meeting of the two chambers of parliament for a five-year term. No one may be elected president more than twice in succession. His constitutional powers are set out in Chapter 3 of the Constitution. The President appoints and dismisses the Prime Minister and other members of the government. He does not chair the meetings of the government but may attend them. The President signs Acts adopted by the Parliament; except for constitutional laws he has the right of suspensive veto of Acts.

Among his other powers are: appointment of judges; appointment of judges of the Constitutional Court, its Chairman and vice-chairmen; appointment from among judges of the Chairman and vice-chairmen of the Supreme Court; appointment of the President and Vice-President of the Supreme Audit Office; appointment of members of the Banking Council of the Czech National Bank; and dissolution of the Chamber of Deputies. The President is supreme commander of the armed forces; represents the state externally; negotiates and ratifies international treaties; pardons and commutes punishment imposed by the court; orders that a criminal proceeding not be initiated and if it has been initiated that it be discontinued; annuls sentences and has the right to grant amnesty (see also further under 4.1).

Legislative power as well as control of the government is vested in the Parliament.

The government is the supreme body of executive power. It is composed of the Prime Minister, vice- prime ministers and ministers. The government is accountable to the Chamber of Deputies.

Chapter 7 of the Constitution provides for a two-tiered system of territorial self-government. The basic level of territorial self-government — the municipalities — is in place. The higher level territorial self-governing units, the regions, will be created on 1 January 2000.

There are two further specialised constitutional authorities, the Supreme Audit Office and the Czech National Bank. The former is an independent body that controls the management of state property and the implementation of the state budget. The Czech National Bank is the central bank of the state.

2. Legislative Authority

2.1 Electoral Rules

The new electoral law for the Parliament of the Czech Republic (No. 247/1995 Coll.) has been in force since 1 January 1996. This law establishes the election procedures for both the Chamber of Deputies and the Senate.

Deputies to the Chamber of Deputies are elected on the basis of a universal, equal and direct franchise by secret ballot, according to the principles of proportional representation. The voting age is 18. Voting is not compulsory. Any citizen of the Czech Republic over 21 of age is eligible for election to the Chamber of Deputies.

There are eight constituencies for the election of members of the Chamber of Deputies. Deputies are elected from lists drawn up by political parties or coalitions of parties. To register a candidate list, a party needs: a) a minimum of 10 000 individual members or b) a petition signed by a quorum of supporters (non-members) that equals 10 000 minus the number of individual party members.

The election system to the Chamber of Deputies is based on:

- multi-mandate constituencies: the number of deputies (mandates) for one constituency is calculated proportionately according to the number of valid votes in the constituency;
- competition among party lists;
- the possibility of preference voting for the selection of candidates within the list;
- a 5 per cent threshold for parties (higher thresholds apply to coalitions of parties).

For elections to the Senate, a majoritarian system is used. Senators are elected for a term of six years. Elections to the Senate are held every two years in order to change one-third of the senators. In the first

Senate elections in 1996, one-third of the senators was elected for two years, one-third for four years, and the remaining 27 senators were elected for the full six-year term. In the second Senate elections of 1998, one-third of the senators was elected for 6 years. Czech citizens over the age of 40 are eligible for election to the Senate.

For the purpose of elections to the Senate, the territory of the Czech Republic is divided into 81 single-member constituencies. Candidates may stand in elections as representatives of a political party, a coalition of parties, or as independents. The latter need to submit a list of at least 1,000 supporters in their constituency. Each political party or coalition may register only one candidate in each constituency. Each candidate may be registered only in one constituency.

In the first round of the elections, the candidate who receives more than 50 per cent of the valid votes is elected. If no candidate receives an absolute majority, a second round is held a week later in which the two candidates with the highest number of votes in the first round compete. The candidate who receives the absolute majority of valid votes is elected in this second round.

2.2 *Main Powers of Parliament*

Legislative power is vested in the Parliament. The Parliament consists of the Chamber of Deputies, with 200 deputies, and the Senate, with 81 senators. Both chambers are in permanent session. Each chamber may decide to interrupt its session, but not for more than 120 days in a year.

Parliament passes all bills valid in the territory of the Czech Republic and expresses approval of important international treaties, including those concerning human rights and fundamental freedoms, political treaties and general economic treaties. It decides the most important acts of state, such as declaring war or approving the deployment of foreign armies on Czech soil.

The government is responsible to the Chamber of Deputies of the Parliament. The Prime Minister is appointed by the President who, on the Prime Minister's proposal, appoints the other members of the government and entrusts them with the direction of individual ministries or other offices. Within 30 days after its appointment, the government must present itself with its programme to the Chamber of Deputies and ask for a vote of confidence. If a newly appointed government fails to win the confidence of the Chamber of Deputies, the President renews the appointment procedure. If this second government also fails to win the confidence of the Chamber of Deputies, the President appoints a Prime Minister on the proposal of the chairman of the Chamber of Deputies. The Chamber of Deputies may express no confidence in the government. A proposal for a vote of no confidence in the government is considered by the Chamber of Deputies only if it is filed in written form by no fewer than 50 deputies. The adoption of a vote of no-confidence needs to be approved by a majority of all deputies. It results in the dissolution of the government.

Any member of the government may attend meetings of either Chamber, their committees and commissions. He/she shall be given the opportunity to speak whenever he/she so requests. Any member of the government must personally appear at a meeting of the Chamber of Deputies if summoned. This also applies to meetings of committees, commissions and inquiry commissions, where, however, the respective member of the government may be represented by his/her deputy or another member of government, unless his/her personal presence is expressly requested.

Every deputy has the right to interpellate members of the government about matters falling under their responsibility. Interpellated members of the government must answer the interpellation within 30 days.

2.3 *Internal Organisation*

The meetings of Parliament are, in principle, open to the public. The public may be excluded only if a specific law provides for it. The discussion of the draft state budget and the draft final state budget accounts in the Chamber of Deputies must be open to the public.

The work of the Chamber of Deputies is organised by the Act on the Rules of Procedure of the Chamber of Deputies (No. 90/1995 Coll.). The work of the Senate is provided for by the Act on the Rules of Procedure of the Senate (No. 107/1999 Coll.). The obligatory committees of the Chamber of Deputies are:

- Budget Committee
- Mandate and Immunity Committee
- Organisational Committee

Current committees are the following:

- Committee for Agriculture
- Committee for Defence and Security
- Committee for Economics
- Committee for European Integration
- Committee for Foreign Affairs
- Committee for Petitions
- Committee for Public Administration, Regional Development and Environment
- Committee for Science, Education, Culture, Youth and Sport
- Committee for Social Policy and Health Care
- Constitution and Legal Committee

The committees are accountable for their activities to the Chamber of Deputies. They are not active when the Chamber's session is interrupted. On the proposal of more than one-fifth of the deputies, the Chamber may establish a commission of inquiry to investigate matters of public interest.

The Chamber of Deputies has also set up a number of permanent commissions. They include:

- Electoral Commission of the Chamber of Deputies
- Standing Commission for Oversight of the Employment of Operational Techniques
- Standing Commission for the Media
- Standing Commission for the Oversight of Military Intelligence Activities
- Standing Commission for the Oversight of the Security Information Service Activities
- Standing Commission for the Work of the Office of the Chamber of Deputies

According to the written agreement of July 1998 between the two major Czech political parties, the Civic Democratic Party and the Czech Social Democratic Party, the main positions in the Chamber of Deputies are held by members of these two parties. Thus, the chairman of the Chamber of Deputies is the leader of the opposition party. Membership in committees of representatives of other parties is not formalised and is not always proportional.

The Senate has two obligatory committees :

- Mandate and Immunity Committee
- Organisational Committee

In addition, there are seven current committees :

- Constitution and Legal Committee
- Committee for Economy, Agriculture and Transport
- Committee for European Integration
- Committee for Foreign Affairs, Defence and Security
- Committee for Petitions, Human Rights, Science, Education and Culture
- Committee for Public Administration, Regional Development and Environment
- Committee for Social Policy and Health Care

The Senate has also set up four permanent commissions:

- Electoral Commission
- Standing Commission for the Work of the Office of the Senate
- Standing Commission for Compatriots Living in Foreign Countries
- Commission for the Constitution of the Czech Republic

Both chambers elect a chairman and deputy chairmen. The Organisational Committee of the Chamber of Deputies consists of 19 members, including, *inter alia*, the chairman and the deputy chairmen of the Chamber and the leaders of the parliamentary groups. Amongst other responsibilities, this committee prepares the schedule of the sessions of the Chamber of Deputies. A similar procedure holds for the Senate.

The parties form parliamentary groups (“clubs”). The groups receive Bills before the sessions of the Chamber, and they have created a political body composed by their leaders. The leaders of the parliamentary groups have the right to speak at plenary sessions at their request.

2.4 *The Legislative Process*

According to Article 41 of the Constitution, Bills may be introduced in the Chamber of Deputies by a deputy, a group of deputies, the Senate, the government or the representative body of a higher territorial self-governing unit. The government proposes more than 90 per cent of all Bills. Each year, the Chamber of Deputies deals with about 100 Bills and amends approximately 90 per cent of them during the legislative process.

All draft laws -- before being submitted by a line ministry to the government -- must be reviewed by the advisory body of the government, the Council on Legislation, and only then passed to the government with the written opinion of the Council.

The comments prepared by the special governmental legislative council are included in the submission of the government’s Bills to the Chamber of Deputies.

The government has the right to express its opinions on all Bills and proposed amendments which have been submitted to the Chamber of Deputies from outside the government.

The legislative procedures in the Chamber of Deputies are regulated in detail by the Rules of Procedure of the Chamber of Deputies. They provide for three readings. Bills that have been approved by the Chamber of Deputies are passed to the Senate. The Senate can approve or refuse the law, pass it back to the Chamber of Deputies with amendments, or declare its will not to proceed within 30 days. If the Senate does not express its opinion within 30 days, it is presumed that the Bill has been adopted. If the Bill has been rejected or passed back to the Chamber of Deputies, the Chamber of Deputies votes again on the

rejected or amended Bill and may adopt the Bill by a simple majority with or without any amendments proposed by the Senate.

The Senate discusses all Bills, with the exception of the Act on the State Budget. Furthermore, the Senate is authorised to give its approval to international treaties and agreements and, together with the Chamber of Deputies, to elect the President. The Senate is considered to be a “constitutional safeguard”, that is, it cannot be dissolved. Consequently, if the Chamber of Deputies is dissolved, the Senate is entitled to adopt indispensable legislative provisions, which, however, have to be subsequently approved by the newly created Chamber of Deputies. Should the new Chamber of Deputies not give its approval, such legislative provisions will cease to be in force. The Senate is not authorised, however, to adopt a legislative provision on matters concerning the Constitution, the state budget, the final state accounting, the election law, and international treaties concerning human rights and fundamental freedoms.

The Senate is able to pass laws if at least one-third of the senators is present. A simple majority adopts a proposal of an ordinary Bill.

Draft laws approved by both chambers are submitted to the President, who has the right of suspensive veto. If the President uses this right, the proposal is returned to the Chamber of Deputies, which may confirm the returned Act in unamended form by a simple majority of all deputies. Otherwise, the law shall not be adopted.

For adopting an Act in either chamber, the consent of a simple majority of deputies or senators present is needed, the quorum being constituted by one-third of the members of each chamber. In order to adopt a constitutional Act and to ratify an international treaty concerning human rights and fundamental freedoms, it is necessary to obtain a three-fifths’ majority of all members of the Chamber of Deputies and a three-fifths’ majority of senators present in the Senate session. The President has no right of suspensive veto.

In order to implement an Act and, remaining within its limitations, the government is authorised to issue decrees which are signed by the Prime Minister and the responsible member of the government. If authorised by an Act of Parliament, ministries, other central administrative offices and organs of territorial self-government may issue regulations, on the basis of and within the limitations of that Act.

Laws are promulgated by being published in the official Collection of Laws. Secondary legislation and international agreements are also published in the official collection.

3. The Central Executive

3.1 Legal Bases of Executive Authority and Administration

The main legal basis of executive power and public administration is the Constitution. The extent of state executive power is defined explicitly in article 2, paragraph 3: “State power shall serve all citizens and may be applied only within the limits and in the manner provided for by law”.

The Constitution also stipulates that ministries and other administrative offices may be established and their competences provided for exclusively by an Act of Parliament (art.79, para. 1) and that the legal relations of state employees in ministries and other administrative offices shall be regulated also by an Act of Parliament (art.79, para. 2).

The Law on Competences (No. 2/1969 Coll. as amended) establishes the ministries and defines their main competences. This law stipulates the division of tasks within the central administration and its basic

organisation. The detailed legal competences of the ministries and subnational administrative authorities are laid down in special laws.

A special law on civil servants is being drafted by the Ministry of Labour and Social Affairs and will be submitted to the government in September 2000.

Administrative procedures are governed by the Law on Administrative Procedure (No. 71/1967 Coll.), and other laws that include provisions on special procedures.

The legal bases for the activities of local government are the Law on Municipalities (No. 367/1990 Coll., as amended) and the Law on the Capital City of Prague (No.418/1990 Coll., as amended). Currently, new legislation on local government has been under preparation within the Ministries of Interior, Finance and Regional Development, in connection with the implementation of the Constitutional Act on the Establishment of higher territorial self-governing units coming into force on 1 January 2000.

3.2 *Composition and Powers of the Government (Council of Ministers)*

The government is the central policy-making and executive body. It consists of the Prime Minister, vice-prime ministers and ministers. The law does not determine the number of vice-prime ministers. Currently, the government consists of 18 members, including the Prime Minister, four vice-prime ministers (two of whom also act, respectively, as the Minister of Labour and Social Affairs and the Minister of Finance), 12 ministers who head ministries, and a minister without portfolio.

Ministers are appointed and dismissed by the President on the proposal of the Prime Minister.

In addition to members of the government, government meetings may be attended by the governor of the Czech National Bank, the president of the Czech Statistical Office, and the president of the Supreme Audit Office. Upon invitation and with the approval of the Prime Minister, experts and representatives of the mass media and other bodies may also attend.

3.3 *Division of Executive Power*

The Prime Minister is the head of government. He is the representative of the government, organises government activities, acts on its behalf and performs other duties as stipulated by the Constitution or other laws. The four vice-prime ministers act, *inter alia*, as co-ordinators for sectoral policies and activities. At present, this includes co-ordination in the fields of foreign affairs, interior and defence policy, economic policy, social policy and legislation.

Government meetings are chaired by the Prime Minister or, in his absence, by a designated member of the government. The government is a collegiate body. Government meetings take place weekly. On average some 20 to 30 items are discussed. The government can make decisions only if a majority of all of its members are present. Decisions may be passed by a majority of members present. In some cases, the government may consider an item without issuing a formal decision. If a member of the government is unable to attend, he may be replaced by his deputy, who may take part in the deliberations, but possesses no right to vote.

The government as a collegiate body is responsible to the Chamber of Deputies. It is, *inter alia*, answerable to the Chamber for the implementation of the state budget.

The government may issue decrees as secondary legislation for the implementation and within the scope of a law without any concrete authorisation in primary legislation. Decrees must be signed by the Prime Minister and the government member concerned. Ministries, other administrative agencies and territorial self-government bodies may issue legal regulations on the basis and within the scope of a law, if they are authorised to do so by law.

3.4 *The Office of the Government/Office of the Head of Government*

The office of the government is an advisory and service body providing information and technical and organisational assistance for the activities of the government. It has the character of a central institution, but does not itself fulfil ministerial functions.

The head of the office of the government is directly accountable to, and appointed (or dismissed) by, the government.

The office of the government includes approximately 80 employees who work directly for the Prime Minister and the vice-prime ministers and focus on policy co-ordination. The total number of employees is, however, higher than this figure (463), since some additional functions are also carried out in this section of the office of the government.

3.5 *Line Ministries*

The ministries are responsible for the implementation of government policy. They are established by law. Their internal organisation is decided by each minister. There are no general rules on internal ministerial organisation set by the government, but in each ministry one finds a legislative unit, personnel unit, organisational unit, economic and financial unit, and unit for European integration. The political co-ordinating function within the ministries lies mostly with the secretariat of the minister and in regular meetings between the minister and deputy ministers.

The government consists of the following ministries:

- Agriculture
- Culture
- Defence
- Education, Youth and Physical Education
- Environment
- Finance
- Foreign Affairs
- Industry and Trade
- Interior
- Justice
- Labour and Social Affairs
- Public Health
- Regional Development
- Transport and Communications

3.6 *Interministerial Co-ordination*

Interministerial co-ordination is carried out in two main ways. On the one hand, governmental advisory bodies very often also have co-ordinating functions. Their establishment, including the appointment of their members, is decided exclusively by a governmental resolution, signed by the Prime Minister.

The other type of interministerial co-ordination is within the competence of individual ministers or deputy ministers who may set up ad hoc commissions which are assigned special tasks. The members of commissions are usually appointed by the ministers. If necessary, external experts are invited to take part in the work of commissions. The commissions have a consultative and advisory character.

Several interministerial commissions have been set up. An example is the interministerial commission for public administration reform, established within the Ministry of the Interior, which is headed by the Deputy Minister of the Interior in charge of public administration reform and whose members are deputy ministers of all ministries and heads of selected central state administration bodies.

The main governmental co-ordinating bodies are:

- Committee of the Government for European Integration and Delegation of the Czech Republic for Negotiations on the Agreement of the Czech Republic Accession to the EU
- Governmental Council for Social and Economic Strategy
- Interministerial Anti-Drug Commission
- Interministerial Commission for Rom Community Affairs
- Governmental Council for Research and Development
- Governmental Council for State Information Policy
- Governmental Council for Human Rights
- Committee for Criminality Prevention
- Governmental Privatisation Committee
- Central Anti-Flood Commission
- Central Commission on Epidemics
- Governmental Commission on Nuclear Accidents

3.7 *Central Non-Ministerial Bodies*

Since 1989, the structure of central government has changed more with regard to its character and areas of responsibility than the number of governing and administrative bodies. Changes have involved a new division of responsibilities and the abolition of some bodies, such as the state planning commission.

In addition to the ministries, other central bodies participate in state administration. These bodies are typical executive agencies and may issue regulations (orders) if authorised by an Act of Parliament. The legal basis of these bodies is the Law on the Establishment of ministries and other central state administration bodies in the Czech Republic (No.2/1969 Coll., as amended). The heads of these bodies (offices) are not members of the government, but are appointed by it, except for the heads of the Czech Statistical Office and the Office for Protection of Economic Competition, who are appointed (and dismissed) by the President. These bodies include:

- Administration of State Material Commodities Resources
- Commission for Securities
- Czech Geodetic and Land Registry Office
- Czech Mining Office
- Czech Statistical Office

- National Security Office
- Office for Industrial Ownership
- Office for Protection of Economic Competition
- Office for the State Information System
- State Office for Nuclear Safety

3.8 *Executive Budgeting Processes*

Public financial management is based on the state budget. For special tasks, as established by law, state funds may be made available. The state budget encompasses the revenue and expenditure of the republic. It also includes resource allocations to the budgets of municipalities, district bodies and special state funds. The relevant formal rules are set in the Law on Budgetary Rules (No. 576/1990 Coll.). Currently the Ministry of Finance is drafting a new Law on Budgetary Rules of the Republic and a Law on Budgetary Rules of Territorial Self-Government.

The Ministry of Finance drafts the state budget in collaboration with central bodies, municipalities, bodies responsible for the administration of central funds, and other entities that receive funds from the state budget. Each body has to provide a justification for its budget request. The Ministry of Finance co-ordinates the preparation of the state budget and ensures its timeliness. The Ministry of Finance submits the draft to the government. After the government has approved the draft budget, it is submitted to the Chamber of Deputies. The draft has to be submitted no later than three months prior to the start of a new budget year.

After the approval of the state budget by the Chamber of Deputies (the Senate is not involved in the budget procedure), the minister of finance is responsible for the central administration and implementation of the budget. The Ministry of Finance has to monitor compliance with the state budget on an ongoing basis and provide the government with a quarterly report. All changes within the approved budget have to be reported to the Chamber of Deputies in the state budget compliance report.

If the state budget law is not passed by the first day of the new budget year to which it refers, budget matters are governed by a provisional budget Bill submitted by the government to the Chamber of Deputies.

3.9 *Advisory and Consultative Arrangements*

Access to external advice and expertise is formalised in the case of most important issues of governmental policy.

The existing consultative-advisory bodies at governmental level include, in addition to those listed under 3.6:

- Legislative Council, which plays an important role in the pre-parliamentary legislative process. All draft laws are submitted to the council and its special committees (covering, for example administrative, finance, civil and labour law) after they have been reviewed at interministerial level. Members of the council are appointed by the government.
- State Security Council and its working bodies
- Council for Intelligence Service
- Czech Commission for UNESCO
- Economic Council of the Government
- Council for Nationalities

- Governmental Committee for Disabled Citizens
- Committee of the Republic for Children, Youth and Family
- Governmental Council for Non-state Non-profit Organisations
- Accreditation Commission
- Governmental Council for Road Traffic Safety
- Governmental Commission for the Relations between the State and Churches
- Joint Working Commission for the Mitigation of Certain Property Wrongs Suffered by Holocaust Victims

4. Executive Linkages

4.1 *The Executive and the Presidency*

The President is the head of state. He appoints and dismisses the Prime Minister and other members of the government. He does not chair meetings of the government, but may attend them. He may request reports from the government and its members and discuss with the government or its members matters within their sphere of responsibility. There are no other special formal means for the communication between the President and the government. Informal meetings with the Prime Minister and other ministers are held.

The President's powers are stipulated in the Constitution. They include, in particular, the power to:

- appoint and recall the Prime Minister and other members of the government and accept their resignation, recall the government and accept its resignation;
- convene sessions of the Chamber of Deputies;
- dissolve the Chamber of Deputies;
- authorise the government, the resignation of which he has accepted or which he has recalled, to continue the performance of its duties until a new government is appointed;
- appoint judges of the Constitutional Court, its chairman and vice-chairmen;
- appoint, from among the judges, the chairman and vice-chairmen of the Supreme Court;
- pardon and mitigate penalties imposed by the court, decide that criminal proceedings should not be initiated or, if already initiated, that they should be suspended, and that previous sentences should be expunged;
- return to parliament an enacted Act, with the exception of constitutional Acts;
- sign enacted Acts of Parliament;
- appoint the president and vice-president of the Supreme Audit Office;
- appoint members of the board of the Czech National Bank.

In addition, the President:

- represents the state externally ;
- negotiates and ratifies international treaties (he may delegate the negotiation of international treaties to the government or, with its consent, to its individual members);
- is the supreme commander of the armed forces;
- receives heads of diplomatic missions;
- appoints and recalls heads of diplomatic missions;
- calls elections to the Chamber of Deputies and the Senate;
- appoints and promotes generals;
- awards and bestows state decorations unless he authorises a different body to do so;
- appoints judges;
- has the right to grant amnesty.

The organisation of the President's Office is generally set in the Law on the Office of the President of the Republic (No. 114/1993 Coll.). The main tasks of the office are matters connected with the constitutional functions of the President, protocol duties and public relations activities of the President.

4.2 *The Executive and Parliament*

The executive, by the presence of ministers and deputy ministers, formally informs the parliament of its activities by reporting in parliamentary committees. The Prime Minister or the respective minister answers deputies' interpellations.

The government has no means to control the legislative timetable. The timetable is set by the organisational committee of the Chamber of Deputies, taking into account the Bills submitted by the government. In compliance with the Constitution, the government has only the right to ask the Chamber of Deputies to complete its consideration of a government Bill within three months of its introduction, provided that the government links this demand to a request for a vote of confidence.

The Chamber of Deputies has the right to propose the resignation of a member of the government. Each deputy has a right to request information from governmental bodies. The Chamber of Deputies has the right to invite the members of the government and also the heads of other central governmental bodies to provide information and explanations on important matters.

The Chamber of Deputies has the right to approve the draft of the state budget, submitted by the government. The draft is first discussed in the budgetary committee and then undergoes three readings in the Chamber. The Chamber of Deputies cannot directly influence the implementation of the budget. However, the government has to report on the implementation of the budget through quarterly compliance reports.

The Chamber of Deputies votes on the final state budget accounts.

4.3 *The Executive and Political Parties*

There are no formal rules governing the formation or operation of coalitions, with the exception of the establishment of joint (coalition) party lists for elections. There are no formal mechanisms for synchronising decision-making between the parties and the executive, but the parties create special expert groups that shadow the fields of competences of the major government departments.

It is worth noting that following the general elections of June 1998, the Czech Social Democratic Party and the Civic Democratic Party concluded an "Agreement on the creation of a stable political environment in the Czech Republic". Although the Civic Democratic Party remains outside the government, the agreement stipulates that the two parties "undertake to consult (...) the mode of approach to foreign and home political issues before they are debated in the parliament of the Czech Republic".

The general rules governing funding and expenditure of political parties are contained in the Law on Political Parties (No. 424/1991 Coll., as amended). The parties' funding is mainly based on state subsidies, members' financial contributions and other sources set by law. The political parties are obliged to submit an annual financial report to the Chamber of Deputies. The accounting responsibility is ruled by the Law on Accounting (No. 563/1991 Coll., as amended).

4.4 *The Executive and Organised Civil Society*

During the preparatory stages of legislation, relevant associations may be consulted. For example, in the case of legislation concerning local self-government, the association of municipalities would be consulted and asked to comment on proposals. Associations have no formal right to be consulted.

Legislation regulating trade unions includes the Law Regulating Certain Relations among Trade Unions and Employers, the Law on Collective Bargaining (of 1991), and the Labour Code of 1965, which was later twice substantially amended (1991, 1994). In 1990, the council of economic and social agreement was created as a joint body for tripartite bargaining. The council adopts resolutions on economic and social issues such as wages, working conditions and employment policies.

Although there is no legal basis for involving interest groups in the development of Bills and policies, ministries have been more open during the legislative process to discuss with such groups and to reach a consensus between their views and the opinions of other involved parties. Thus, such groups as trade unions, the Agricultural Chamber or the Association of Trade and Traffic are often invited to participate in the consultation process, especially by the Ministry of Labour and Social Affairs, Ministry of Environment, Ministry of Interior, Ministry of Agriculture, etc.

4.5 *The Executive and the Media*

Press and information departments exist in all ministries and in the office of the government. As a rule, there is a spokesperson whose main task is to communicate with the mass media. A regular government press conference is held every week after the government meeting. Ministers also regularly hold press conferences and ad hoc interviews.

The government's Website is <http://www.vlada.cz>. In addition, all ministries maintain their own sites. The sites of the government and the ministries contain general information on the organisation of the government and the ministries, the tasks for which they are responsible and the composition of main governmental committees. The government's Website also includes the list of members of the government, the programme of the government, the agendas of government meetings and information from the press department, such as press conferences, important speeches and interviews of members of the government. The ministries' pages include their organisational structures, addresses, and various documents.

The Website of the Chamber of Deputies is at <http://www.psp.cz>. It contains a wealth of information on the Czech political system and provides convenient links to the Websites of other political institutions including the President (<http://www.hrad.cz>), the Senate (<http://www.senat.cz>), the Constitutional Court (<http://www.concourt.cz>), various political parties, and the state information system (<http://www.sis-cr.cz>).

5. Subnational Government

5.1 *Decentralised State Administration*

District offices are state administrative bodies with general competence. They are governed by the Act on District Offices (No. 425/1990 Coll., with later amendments) and form the foundation of the territorial state administration system. There are 73 district offices, which exercise state administration in their territorial boundaries, and three major cities — Brno, Ostrava, Plzen — are overseen by city authorities. District administrations are headed by district officers, who are appointed by the government on the proposal of the Minister of the Interior.

District offices are regulated and controlled by the government. The government also co-ordinates the relations of central authorities to district offices. The government's responsibilities towards district offices are exercised by the Ministry of the Interior, which also acts as the central supervisory authority in specified areas of administration. When executing state administrative functions that fall outside the competences of the Ministry of the Interior, district offices are subordinated to other responsible ministries.

District offices may issue by-laws as long as they are in accordance with laws and secondary legislation. Any by-law issued by a district office that is at variance with the law must be annulled by the Ministry of the Interior. Other illegal or incorrect measures of district offices must be annulled by the functionally responsible ministry. Under the Act on Administrative Procedure, the ministries also examine administrative decisions of district offices. As regards the judicial review of the activities of district offices, constitutional complaint and the role of the Attorney-General's office, provisions similar to those applying to municipalities are in force.

Legally, some tasks carried out by district offices are subject to approval by district assemblies. This applies, for example, to the allocation of global state grants received by the district to individual municipalities and the approval and control of the implementation of the district budget. A district assembly is composed of representatives from municipal councils in the district. The number of assembly members depends on the numbers of municipalities and inhabitants of the district. If a decision of a district assembly is in conflict with the law, the chief officer of the district office must suspend its implementation and put the matter before the government to decide.

The relationship of district offices towards municipalities has mostly a controlling and assisting character. Thus the district office controls the activity of municipal offices and the municipality's organs when they exercise transferred state administration, and it imposes measures upon them to rectify failings determined by scrutiny, audits the management of the municipality if requested and renders expert assistance to municipalities in its district.

In addition to general district offices, there are special deconcentrated administrative units that operate within the same or different boundaries. These units fall under the control of their respective ministries. For example, the Ministry of the Environment has nine regional departments and the Ministry of Education has regional departments for Moravia and Silesia. Additionally, some ministries have their own departments that operate within special boundaries, e.g. the Ministry of Public Health maintains a regional network of public health authorities.

5.2 Regional Government

Up to now there does not exist any tier of elected regional government. In connection with working out the second stage of decentralisation in the framework of public administration reform, the Parliament adopted in December 1997 the Constitutional Act on the Establishment of Higher Territorial Self-Governing Units (No.347/1997 Coll.), which enters into force on 1 January 2000.

Currently a package of bills are being drafted in the Ministries of the Interior, Finance and Regional Development for the implementation of the Constitutional Act, including:

- Bill on Election to Higher Territorial Self-Governing Units' Councils
- Bill on Municipalities
- Bill on Competencies and Organs of Higher Territorial Self-Governing Units
- Bill on District Offices
- Bill on the Capital City of Prague
- Bill on Budgetary Allocation of Tax Revenue

- Bill on the Rules of Management of Budgetary and other Financial Means of the Czech Republic (Budgetary Rules of the Republic)
- Bill on Municipal Taxes
- Bill on the Property of the Czech Republic and the Republic's Acting in Legal Relations
- Bill on the Transfer of Some Property of the Czech Republic to the Property of Higher Territorial Self-Governing Units
- Bill on the Rules of Management of Financial Means of Territorial Self-Governments
- Bill on the Management of the Property of Territorial Self-Governments
- Bill on Regional Development Support

5.3 *Local Government*

The most important legal basis for local self-government is the Constitution. Besides the Constitution, the other principal laws relating to local government are the Act on Municipalities (No. 367/1990 Coll., as amended), and the Act on the Capital City of Prague (No. 418/1990 Coll., as amended).

A municipality, as the basic local self-government unit, is a legal entity with its own independently managed property (protected by Article 11 of the Charter of Fundamental Rights and Freedoms). Citizens may decide, either in a referendum or through the municipal council, upon matters affecting local self-government. In these matters, municipalities may issue by-laws. Municipalities may establish voluntary corporations to ensure the efficient management of matters that concern them. Municipalities and voluntary corporations may co-operate with municipalities abroad, join international associations of local government bodies and establish legal entities with the participation of foreign persons. The boundaries of a municipality may be changed only with its consent. Conditions for establishing or dissolving a municipality, dividing and amalgamating municipalities are set down in law.

In executing their self-government responsibilities, municipalities are bound only by law and secondary legislation. In particular, they are required or empowered to:

- adopt a development programme for the municipal territory and control its implementation;
- manage municipal assets;
- adopt and manage the municipal budget;
- set down types and rates of municipal levies;
- organise local referenda and implement their results;
- agree on changes to municipal borders;
- join voluntary corporations of municipalities;
- execute tasks in the areas of social affairs, education, public health care and culture;
- establish the municipal police force;
- ensure facilities for street cleaning and waste removal and disposal;
- provide water supplies, drainage and cleaning waste water.

To the extent provided by law, municipalities also execute certain tasks of state administration of first instance on behalf of the state. These are their so-called “transferred competences”. In executing transferred competences, municipalities are bound not only by the law and secondary legislation, but also by government resolutions and guidelines issued by central governing bodies. 383 municipalities, determined by the government and with the consent of the Ministry of the Interior, execute transferred competences within a given territory as set down by the district office. Some large municipalities — cities with more than 100 000 inhabitants — execute state administrative tasks that otherwise belong generally to district offices. The number of municipalities is large — 6 244. More than 80 per cent of them have a population below 1 000 inhabitants. Municipalities may associate on a voluntary basis and create common bodies for providing services in the field of their own competences, for example in education, health and

social care, culture, waste management or water management. Municipalities may also co-operate with municipalities in other countries, mainly in the form of cross-border co-operation. Both of these types of co-operation have been increasing in recent months, and partnerships between municipalities have expanded.

In cases where a municipality issues a by-law or other measure which is at variance with the law, the Chamber of Deputies or the Constitutional Court may annul it. Irregular or improper measures of municipalities may be annulled by the district office. Decisions of municipal authorities issued under the Code of Administrative Procedure may be subject to revision, on the basis of appeal, by superior authorities. An administrative decision may also be examined by a court on the basis of a civil action. Decisions, measures and other administrative acts of municipalities may be contested by constitutional complaint before the Constitutional Court.

Revenue sources and property ownership are important conditions for self-government. Local authorities manage their affairs independently under the conditions stipulated by the Act on Budgetary Rules (No. 576/1990 Coll., as amended) and the Act on Accounting (No. 563/1991 Coll., as amended). According to 1998 budget figures, the sources of municipal revenue were taxes (50.5 per cent), grants allocated from the state budget (25 per cent), revenue from organisations founded by municipalities (15.3 per cent), capital income (8.2 per cent), and administrative fees levied by municipal authorities (1 per cent). While taxes represent the largest part of municipal revenue, the municipalities themselves may not create new taxes.

The third round of democratic municipal council elections took place in November 1998.

6. Personnel Management

6.1 *Legal Bases and Principles of the Public Service*

There are no special laws regulating the public service. Rather, the employment conditions for public employees are covered by the general Labour Code. Only Article 73 in the Labour Code applies specifically to employees of state administration, the Czech National Bank, courts, the police and public prosecutors. It establishes additional duties for personnel in the public service, such as impartiality and preventing conflicts of interest.

No distinction is made between “ordinary public employees” and “officials” or “civil servants” because all of them, under the common Labour Code, are only “employees” and do not have the legal status of civil servants.

6.2 *Personnel Management*

There is no comprehensive human resource management system in the Czech Republic. The Ministry of Labour and Social Affairs is responsible for general employment policy. It controls a network of district labour offices that implement most operative tasks. The ministry is also responsible for wages, social policy and collective bargaining.

The public service has no centralised personnel policy. Each minister is responsible for his personnel policy and decides on appointments and promotions of senior personnel. As regards other staff, personnel management is delegated to senior employees (directors) who are responsible for human resources management and the recruitment of staff. The ministerial personnel units are principally responsible for

ensuring the application of the legislation on working conditions and wages; they also administer the training budgets of the ministries.

A draft of a Civil Service Act was rejected in 1995 by the government. At present, a new draft is under preparation in the Ministry of Labour and Social Affairs. The Ministry has set up an ad hoc interministerial working group to co-operate on the project. The deadline for submitting the full text of the Bill to the government is the end of September 2000.

7. Administrative Oversight and Control

7.1 Internal Oversight and Control

The main internal mechanisms for ensuring the legality of public administration derive from the application of the Law on Administrative Procedure. Other mechanisms include internal rules based on hierarchical line subordination and the establishment of units for specialised control tasks. For ensuring financial probity, the rules on the state budget and accounting regulations are applied and controlled by special units responsible for financial management in individual governmental bodies.

On the local self-government level, the municipal boards establish obligatory finance and control commissions.

Article 17 of the Charter of Fundamental Rights and Freedoms, which forms an integral part of the constitutional order of the Czech Republic, provides the general right to information. Article 35 stipulates a special right to information regarding the environment. The latter article is implemented by the new Law on the Right to Information on the Environment (No. 123/1998 Coll.).

In May 1999 the Parliament adopted a Law on the Free Access to Information (No. 166/1999 Coll.) which regulates the procedure of state organs and territorial self-government organs when disclosing information. The Act comes into force on 1 January 2000.

7.2 External Audit and Control

The Supreme Audit Office (SAO) of the Czech Republic is an independent supervising authority bound by the Constitution. It monitors expenditures and revenues of the state budget and the use of financial and material resources of the Czech Republic and enforces laws dealing with economic and financial issues and the execution of public tasks. It reviews the annual report on the state budget accounts and draft Acts and regulations concerning budgetary and other financial issues.

The SAO has the right to impose fines on authorities and individuals. The authorities and individuals subject to supervision by the SAO include:

- central authorities of the Czech Republic (excluding Parliament);
- state enterprises;
- organisations and legal persons with revenue from state subsidies or other resources.

According to the Act on the SAO (No. 166/1993 Coll.), the bodies of the office include the president, the vice-president, the board, the senates (which are collective bodies of the SAO, each consisting of three or more members of the office) and the disciplinary chamber of the office (which may initiate disciplinary procedures against the president, the vice-president or any member of the SAO).

The President of the Republic appoints the president and the vice-president of the Supreme Audit Office on the proposal of the Chamber of Deputies to nine-year terms of office. The president of the SAO has the right to attend sessions of the Chamber of Deputies and government meetings.

The Chamber of Deputies elects 15 members of the SAO upon the proposal of the office's president. The president, vice-president and members of the SAO cannot at the same time serve as a deputy or senator in the Parliament, judge, or Attorney-General. In addition, they cannot exercise any function in the state administration, territorial self-governments, or political parties and movements.

The Supreme Audit Office began its activities on 1 July 1994. On the same date, the former Ministry of State Control and the former Supreme Control Office of the Czech Republic terminated their activities.

At the local level, district offices oversee the legality of municipal decisions. The district offices also carry out an annual municipality audit if requested by the municipality. Otherwise the municipalities have to contract an external auditor to carry out the annual audit.

7.3 Public Redress

Ombudsman

At present there is no ombudsman in the Czech Republic. However, the government Draft Act on the Ombudsman was passed to the Parliament and will be discussed in its first reading during September 1999.

The Courts

According to the Constitution, judicial authority is exercised in the name of the republic by independent courts. Judges perform their functions independently and no individual or body may threaten that independence.

The court system consists of the:

- Supreme Court;
- supreme administrative court (provided for in the Constitution, but not yet established);
- higher courts;
- regional courts;
- district courts.

The law specifies the cases where judges decide in bench and the composition of a bench (senate). In principle, single judges preside only over district courts. Professional judges are appointed by the President. Senates may include lay associated judges (magistrates) who are elected by municipal councils. Associate judges are used in cases of the first instance, either at the district or regional level.

Judges cannot be dismissed or transferred to another court against their will, except in disciplinary cases as stipulated by law.

The decisions of public administration bodies are reviewed by special panels of general courts. This review is concentrated in regional courts. Superior courts review the decisions of ministries and other central state administration authorities. District courts review the decisions only minimally (in case of misdemeanours with a fine exceeding 2 000 Czech crowns).

The administrative judiciary reviews the legality of decisions of public administration, i.e. both the state administration authorities and the bodies of territorial self-government. In principle, the review concerns the legally effective decisions resulting from a two-stage administrative procedure. In cases specified by law, however, the courts may also decide on remedies concerning the decisions of administrative bodies which have not yet become legally effective. The administrative boards of the courts do not review the decisions of administrative bodies which do not concern the right or obligation of a natural person or legal entity, in particular generally binding (normative) Acts, decisions of an organisational character or decisions regulating the internal conditions of the body which issued them.

For this reason judicial proceedings are based on a complaint, in which a natural person or a legal entity maintains that its rights have been violated by the decision of an administrative body and requests the court to investigate the legality of such a decision. The court proceeds in a single instance and no ordinary or extraordinary remedies are permissible against its decision.

In the judicial review of a complaint against a legally effective administrative decision, individual administrative bodies (ministries or other administrative authorities) which have issued the contested decision in the last instance are the defendants. The proceedings involved with the remedy are brought against the decisions of administrative bodies issued in the first instance and not against individual public servants. However, this does not exclude the public servants' responsibility for violation of their duties which may be of criminal law or civil law (including labour law) character, but never of administrative law character, which is borne by the institution.

Anyone may contest an administrative decision: any natural person or legal entity considering that his/her rights have been violated by the decision of an administrative body. The plaintiff is obliged to be represented by an attorney-at-law or a commercial lawyer if he/she lacks legal education. Should he/she not have sufficient funds for hiring an attorney, he/she may be granted an attorney at the expense of the state. The law provides that in the case of refugees, the legal representative is appointed obligatorily at the expense of the state.

The solution of the system of an administrative judiciary is under discussion at present, including the function of the Supreme Administrative Court provided by the Constitution, which has not been established as yet.

Other bodies

The office of the Attorney-General was established on 1 January 1994, in accordance with the new Constitution, to undertake penal procedure actions on behalf of the state. This office replaced the former Prosecutor's Office. The attorney-general system consists of the office of the Attorney-General and the offices of higher, regional and district attorneys.

8. Administering European Integration

8.1 The Institutional Framework of EU-Related Policy-Making

The Ministry of Foreign Affairs has primary responsibility for EU-related policy-making. There is no special ministry for EU affairs. The relations between the Czech Republic, the EU and Member States are regulated by the Association Agreement. Two departments in the Ministry of Foreign Affairs act as a central secretariat and provide a key interface between EU institutions and the Czech Republic. One of these departments focuses on the overall co-ordination of relations with the EU, the other on political relations with the EU.

At the level of the political executive, a special Government Board for European Integration, headed by the Prime Minister, was established in November 1994 as a standing committee. It consists of five permanent members: the three vice-prime ministers and the Ministers for Trade and Industry, and Labour and Social Affairs. Its non-permanent members include other ministers, the governor of the Czech National Bank and the chairman of the Czech Office of Statistics. Its main tasks are to negotiate all documents regulating the European integration process and to prepare recommendations for the government.

In addition, the Ministry of Foreign Affairs has established a special interministerial committee in 1994 for co-ordinating EU-related issues. It usually comprises the heads of ministerial units for European integration, and has established various specialised working groups. This committee has no decision-making power, but submits its recommendations to the government board or to the government. The secretariat of the interministerial committee is situated in the Ministry of Foreign Affairs (in the department for co-ordination of relations with the European Union).

The Czech Republic has its permanent representation to the EU in Brussels (under the Ministry of Foreign Affairs).

A team of experts for the process of negotiating accession to the EU has been nominated.

8.2 *Managing the Approximation of Laws*

In 1993, the government issued the first resolution concerning legislative procedures in the Czech Republic that stipulated that every new draft law had to be provided with a special note confirming the stage of approximation, with required explanations. There is an information technology system for approximation of laws (ISAP) established in ministries.

A special department for the approximation of Czech legislation with EU law was established in 1994 within the Office for Legislation and Public Administration. The main function of this office was to manage the process of legal approximation by co-ordinating the work of special units for legal approximation installed in all ministries and other central state administration offices and to serve as the leading communicator between the Czech Government and the relevant EU authorities.

To confirm the co-ordinating role of the department for the legal approximation, the government decided that as from March 1999 the department would be moved to the Office of the Government, directly subordinate to the Vice-Prime Minister and Chairman of the Council for Legislation.

A timetable for transposition of legislation was approved in July 1997, based on the National Strategy for Approximation.

8.3 *Implementing the Acquis Communautaire*

The government has recently approved the Economic Strategy for Joining the European Union: Key Issues and Options for Policy-making. In addition, the Ministry of Finance has prepared a report on steps required for strengthening the capacities of central government for implementing the *acquis communautaire*.

Efforts to improve capacities for implementing the *acquis* need to be considered within the context of broader changes in Czech public administration. A chapter on public administration has been included in the Czech National Programme for the Preparation of the Czech Republic for Membership in the European Union.

9. Plans for Reform and Modernisation

According to the policy statement of the new government of August 1998, administrative reform is one of its main priorities. In particular, the new government announced its intention to:

- submit a number of new Bills for the implementation of the Constitutional Act on the establishment of self-governing regions;
- depoliticize state administration through the adoption of a new Civil Service Act to stabilise the state apparatus, enhance its effectiveness and remove its dependence on short-term political pressures;
- reduce bureaucracy;
- prepare legislation allowing the extension of citizen participation;
- reinforce the economic powers of local and regional government.

In September 1998, the Ministry of the Interior established a special section for public administration reform. This section is headed by the Deputy Minister of the Interior. It is responsible for co-ordinating, on the governmental level, the preparation of administrative reform, notably decentralisation through the creation of a second tier of self-governments in the form of 14 regions. The section is also responsible for developing a new framework for educating and training public administration employees at central and local levels, with the goal of creating an effective system of public administration schools and institutes that can help to meet the demand for strengthening professionalism in the public service. The section is also responsible for developing a unified state information system in public administration.

At its session of 30 March 1999, the government discussed and took into account the Draft Concept of Public Administration Reform and decided to pass the draft concept to both chambers of Parliament for their opinion (Resolution No. 258/99). Consequently, the government approved on 26 May 1999, by its Resolution No. 511/99, the document entitled “Basic Questions for Drafting Bills Necessary for the Establishment of Self-Governing Regions”.

On 16 June 1999, the government approved the Concept of Training of Officials in Public Administration. In Resolution No. 601/99 the government sets out the task of elaborating a draft for the establishment of a central educational and personnel management institution which will ensure and co-ordinate the complex system of preparation at secondary, and higher school and university levels. Another important and integral task of this institution will be to co-ordinate specialised and research activities in the field of public administration.

On 28 July 1999, the government discussed and approved the “Draft Law of Transfer of Competencies to Regional and District Offices”. According to Resolution No. 784/99, the Ministries of Interior, Finance and Regional Development are required to submit draft laws for implementing the Constitutional Act on the Establishment of Higher Territorial Self-Governing Units to the government by the end of September 1999.

10. Key Statistics

10.1. Budgetary Data

The statistics below are provided by the Annual Czech Republic Statistics of 1997 and the Ministry of Finance.

REVENUES OF THE CENTRAL STATE BUDGET

(in billions of Czech crowns, CSK)

	1997	1998
Total revenue	500.6	524.9
Tax revenue	478.5	511.6
Direct taxes	74.8	67.9
• Corporate income	41.6	34.8
• Personal income	33.2	33.1
Indirect taxes	186.34	206.4
• VAT	117.6	128.0
• Excise	64.2	74.0
• Motor vehicle	4.6	4.4
Taxes on property, gifts, inheritance	5.0	4.3
Social security contributions	191.0	209.5
• From employers	-	153.8
• From employees	-	47.3
• Self-employed	-	8.4
Taxes on international trade	14.9	15.2
Net carryover from previous year	0.9	0.0
Other (including fees and highway tax)	5.5	8.3
Non-tax revenue	22.0	13.3
Entrepreneurial and property income	8.5	8.6
• From Czech National Bank	0.0	0.0
• From enterprises	0.0	0.0
• From budgetary and subsid. organisations	5.4	6.2
• Interests	3.1	2.4
Fines	1.0	1.1
Other	12.6	3.6

EXPENDITURES OF THE CENTRAL STATE BUDGET

(in billions of Czech crowns, CSK)

	1997	1998
Total expenditures + net lending	516.3	524.9
Current expenditures	470.5	485.0
On goods and services	108.1	118.3
• Wages and salaries	47.8	48.4
• Other	60.3	69.9
Interest payments	17.6	19.3
Transfers	344.8	347.4
• to enterprises	33.2	28.3
• to subsidised organisations	61.0	55.4
• to local authorities	24.8	19.8
• to extra-budgetary funds	0.1	0.2
• to state fund for market reg. in agriculture	1.1	1.1
• to health funds	18.4	18.4
• to households	206.0	222.8
· social security	172.8	185.9
· unemployment	4.0	3.9
· compensatory income support	0.0	0.0
· state social support	29.2	33.0
• to abroad	0.1	1.4
Other	0.0	0.0
Capital Expenditures	50.6	46.3
Budgetary organisations	16.3	17.0
Transfers	34.3	29.3
• to enterprises	5.9	6.0
• to subsidised organisations	17.5	13.5
• to local authorities	10.9	9.9
• to extra-budgetary funds	0.0	0.0
Other	0.0	0.0
Lending Minus Repayments	-4.8	-6.4
Balance	-15.7	0.0

EXPENDITURES OF THE STATE BUDGET BY SECTORS

(in billions of Czech crowns, CSK)

	1997	1998
Total expenditures by sectors, including lending	524.6	536.6
<i>Adjustment to total expenditures</i>		
<i>Lending</i>	-3.5	-5.3
<i>Net lending</i>	-4.8	-6.4
Total expenditures + net lending	516.3	524.9
Current expenditures	445.7	460.2
Transfers to enterprises	34.3	29.4
Transfers to households	205.9	222.8
• Unemployment	4.0	3.9
• Compensatory income support	0.0	-
• Health insurance	19.8	24.5
• Other benefits	1.8	3.7
• Pensions	151.1	157.7
• State social support	29.2	33.0
Other	0.4	4.9
Public consumption	187.7	186.3
• Education	59.1	58.6
• Health service	3.0	3.0
• Culture	2.8	3.1
• Defence	22.6	26.5
• Police	20.7	20.9
• Other	79.5	74.1
Other	17.8	21.8
Capital Expenditures	39.3	36.4
Transfers to enterprises	5.5	6.0
Public sectors	33.8	30.4
Other	3.6	5.4
Transfers to Local Budget	35.6	29.7

GENERAL GOVERNMENT BALANCE 1997 - 1998

(in billions of Czech crowns, CSK)

	1997			1998		
	Revenues	Expenditure	Balance	Revenues	Expenditure	Balance
State Budget	500.6	516.3	-15.7	524.9	524.9	0.0
State Financial Assets	23.2	24.9	-1.7	20.7	25.9	-5.2
Extra-Budgetary Funds	5.2	3.1	2.1	2.5	2.5	0.0
Local Budget	145.3	150.1	-4.8	132.0	141.0	-9.0
Health Insurance	95.8	97.4	-1.7	99.8	100.4	-0.6
National Property Fund	4.1	3.7	0.4	3.8	3.7	0.0
Czech Land Fund	0.7	2.3	-1.6	0.5	1.4	-0.8
General Government	662.3	682.2	-19.9	687.5	703.1	-15.6

EXPENDITURES BY MINISTRIES -1997

(in millions of Czech crowns, CSK)

Ministry	Expenditure
Agriculture	15.855
Culture	4.074
Defence	36.877
Education, Youth and Sport	61.723
Environment	2.542
Finance	9.197
Foreign Affairs	3.771
Health	5.971
Industry and Trade	6.939
Interior	26.093
Justice	10.097
Labour and Social Affairs	191.026
Regional Development	4.863
Transport and Communications	23.580

10.2. *Personnel Data*

DISTRIBUTION OF PUBLIC PERSONNEL ACCORDING TO THE WAGE SCALES

Wage Scale	Number of Employees
1	9.949
2	37.382
3	27.073
4	22.186
5	26.640
6	39.210
7	97.619
8	62.563
9	101.149
10	60.966
11	15.444
12	8.170
Total	508.351

Requirements:

- scales 1 — 3: basic education
- scales 4 — 7: secondary education
- scales 8 — 12: university education

DISTRIBUTION OF SENIOR CIVIL SERVANTS

Function	Number of Senior Civil Servants
Chief of a Group of Employees	30.253
Head of a Division	34.150
Director of a Department	13.732
Deputy of a Statutory Civil Servant*	4.922
Statutory Civil Servant* (except for members of the Government)	5.176
Total	88.233

* Refers to senior civil service posts established by law.

NUMBER OF PUBLIC EMPLOYEES — SECTORAL DISTRIBUTION

Legend	Number of Employees	Number of Employees
Total in public sector	503 185	
of which:		
State Administration, including security, defence & justice	130 168	
of which State administration includes:		
Ministries and other central State authorities	13 198	
*****	*****	*****
Total in public sector	503 185	
comprising:		
Defence	51 011	
Foreign Affairs	2 029	
Interior	61 622	including Police: ca. 57 000
Finance (+ Customs)	24 487	
Labour and Social affairs	14 430	including Social services: 1 203
Environment	3 723	
Transport	13 140	
Agriculture	14 080	
Education	267 420	
Culture	8 173	
Health	4 223	+health facilities centrally directed and financed by health insurance companies: 51 750

NUMBER OF PUBLIC EMPLOYEES IN MINISTRIES

Ministry	Number of Employees
Agriculture	912
Culture	219
Defence	958
Education, Youth and Sport	415
Environment	474
Finance	1 258
Foreign Affairs	753
Health	267
Industry and Trade	674
Interior	2 020
Justice	281
Labour and Social Affairs	552
Regional Development	341
Transport and Communications	752