

***Contract Enforcement and Judicial Systems  
in Central and Eastern Europe***  
Warsaw, Poland, June 2005

## **Hungary**

**1. What have been your country's (or territories) 2-4 most successful achievements in the area of judicial reform in recent years, and what were the main factors contributing to that success?**

A significant reform was carried out in the functioning of the Hungarian judicial system in the last 10 years. The Parliament adopted the so called "judicial reform acts" in 1997: Act on the organization and administration of courts, Act on status and remuneration of judges, Act on status and remuneration of judicial employees. A modern judicial system has been established by these acts which is totally in conformity with the European standards.

One of the most important elements of the new regulation is the independence of the judiciary, the separation of this from the executive power. In order to meet this requirement the administration of the courts has been taken from the Ministry of Justice and a new, independent body was created for this purpose: this is the National Council of Justice. The Council is the supreme organ of administration of courts. It has 15 members: 9 are judges elected by judges and the President of the Supreme Court, the Minister of Justice, the Attorney General, the President of the National Bar and two members of the Parliament. The Council appoints and relieves the presidents of the courts, makes recommendations for appointing of judges, is responsible for the implementation of the judicial budget, for the training of judges etc.

The other important element of the reform was the status of the judges, the legal status which is one instrument for the independent and well functioning judiciary. The new rules focus the following: conditions to become a judge (they have been stricter), the rights and duties of judges, the remuneration system. Similar regulations have been adopted on the status of the so called "judicial employees".

As the result of the above mentioned legislation the judicial system became a four-level system. Before the reform the Hungarian judicial system had consisted three levels: local courts (131), regional courts (20) and the Supreme Court. The fourth level is the so called high courts of appeal; three of them began to operate at 1<sup>st</sup> July in 2003, more two at 1<sup>st</sup> January 2005. Local courts are the first instance courts. Regional courts hear the appeals submitted against the decisions of the local courts, and in some cases specified by the law they act as courts of first instance. The high courts of appeal (5) hear the appeals against the decisions of the regional courts. As a result of this change the limits of the courts proceedings have become shorter, the division of the scope of the court-levels became more well-balanced and the workload of the Supreme Court has decreased.

As a further guarantee of the independence of the judiciary the Parliament adopted a law on the preparation of the annual judicial budget in 2002. According to this Act the National Council of Justice makes the proposal for the amount of the annual judicial budget (which is separate chapter in the State budget) which amount can not be changed by the Government. The

proposal of the Council is the part of the bill on the annual budget automatically, only the Parliament has the right to change it by fixing different amount for the judicial budget.

The effective operation of the judiciary depends on the staff of the courts considerably: the number, age, practice, education, workload etc. of them. In order to improve the effectiveness, the judicial career system has become stricter: three years of practice is needed for the professional law exam, after that one year must be acted as a court secretary, a special health, physical and psychical examination is needed for appointing to a judge and the first period of a judge career is only a three year period, appointment for lifetime can be reached only after a supervision of this period. The other important factor of effectiveness is the staff who help the judges: administrative staff, so called secretaries, and judicial officials. The secretaries have three year experience in the judicial work and have taken the above mentioned professional exam; they have the power to act as a judge in some cases (for example cases which do not need hearing). Judicial officials are not lawyers, they have a special four year graduation; they take measures specified by the law (take summons, recording of the hearings, serve documents, send files to another court etc.) according to the instruction of the judge.

## **2. What major problems do you currently face with regard to:**

### **- judicial independence**

The independence of the judiciary means the independence of the judicial system (the organization) and the independence of the individual judges. The independence is guaranteed successfully by the Constitution, the above mentioned judicial acts and the Code of Civil and Criminal Procedure etc., that is why we do not have to face serious problems in this field.

### **- judicial efficiency**

The increasing workload is a great challenge for the judiciary; change of the political system in Hungary caused a significant expansion in this field: the number of cases between 1990 and 2001 increased by 200 percent. As a result of the above mentioned reform and growth of the judicial budget, the backlog of cases has been reduced and the workload of the judges has been decreased, but the courts and the judges are still quite busy now. The average workload is high and there are significant differences between courts as well. In order to manage this problem the National Council of Justice monitors the judicial statistic data continuously, overviews the causes of the postponements and sometimes takes special measures to cease the delays. The simplification of the procedural rules is in the centre of the legislation, but very difficult to enforce it.

### **- judicial accountability**

The court shall be liable in accordance with the Civil Code for damages caused by the judicial power. Since the reasonable time limit of the procedure is provided by the law, delays can be the basis of the accountability of the court. Code on Civil Procedure provides strict rules in this field. According to this Act the client has the right to get a fair and reasonable compensation for delays, and the compensation must be paid by the court even if the judge or other judicial employee has not broken the rules or he or she did not cause the delay or not his or her fault it was. This accountability is great challenge for the judicial system and the State budget, that is why shortening of the procedures is one of the most important purpose of the judicial policy. A

new act is under preparation on this field: according to this Act clients may lodge a special remedy during the procedure against the delays.

**3. What is your top priority in the coming year for improving the judicial system? How do you plan to address this priority?**

One of the most important projects in the judicial field is improving electronic communication and computerized case management system in the judiciary. The main aim of it is to establish a communication system between the courts and other authorities, and a new uniform case management system by electronic means. There are special cases where the work of the judges and the courts will be totally computerized in the near future: the company register at the regional courts. Similar project is taken by the notaries: most of the decisions of the notaries will be carried out and registered by electronic way. These may be a proper basis for further projects aimed to computerize the judiciary.

There is a special training project prepared by the National Council of Justice. A new institution is planned to establish according to this – the so called Training Center of Judges – which would be responsible for the high level education of the judicial employees.

Hungary joined the European Union on 1<sup>st</sup> of May 2004. As a result of becoming a member of the EU, Hungary must participate in the judicial cooperation in civil and criminal cases and the Hungarian courts has to apply and enforce the acqui.