

FINANCIAL AUTONOMY OF THE SLOVENIAN LOCAL GOVERNMENT¹

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Slovenia is one of the very few countries in the European Union with a single tier local government system, and while levels of local democracy have been on the rise since gaining independence in 1991, relations between the state on the one side and local governments (municipalities) on the other has slowly deteriorated, especially over the questions of municipal competencies and financing of local communities. While Slovenia ratified the European Charter on Local Self-Government (ECLG) in 1996, the charter was never fully implemented, as the subsidiarity principle was never fully implemented. The paper is analysing the issue of local autonomy with an emphasis on the financial autonomy, using primary and secondary sources as well as empirical data from national and local authorities.

Key words: Slovenia; local government; funding; autonomy; ECLG.

1 INTRODUCTION: RELATIONS BETWEEN THE STATE AND LOCAL GOVERNMENTS

All contemporary states include the most basic principles for local government functioning in the constitutional documents. This dimension is of fundamental importance for the local government because the municipal position is consolidated and the state hardly ever gets the chance to interfere – the state can only interpret it through legislation in the context of constitutional provisions. The general provisions (Article 9) of the Constitution of the Republic of Slovenia establishes that local government is provided in the Republic of Slovenia. Upon this, the local government has become a constitutional category. The constitutional provisions on local government are general because they provide more detailed regulation by the law; nonetheless, a separate chapter is dedicated

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to the local government.³ In the systems of political decentralisation based on the principle of subsidiarity, we often seek to find the equality of central and local government, which is provided by legal, financial and other instruments. The principle of autonomy is key in this respect, since local units and their authorities are empowered to carry out all activities that ensure the interests of the local population (Koprić et al. 2014, 307).

The autonomy of the local authorities cannot be absolute. The local units operate within the limits of the Constitution and laws, and should not violate the basic legal standards, based on which they were established. In order to effectively manage the country, the central national authority has a set of resources and forms by which it can influence the local government units (*ibid.*, 309). These can be roughly divided into legal mechanisms (of which the central government normatively regulates the functioning of local government), financial mechanisms (by which the central government finances local government units), organisational mechanisms (by which the central government helps local government units in their organisation, technical and human resources development; with the organisation of state administration it can significantly affect the local government units' competences and thus their autonomy), and control mechanisms (perhaps the most delicate mechanism by which the state intervenes in the local government).

Local politicians mostly exercise vertically higher-level policies rather than create their own policies (Kukovič 2015). The result of this role is the division of competences between the state and the local governments. The regulations of local governments do not provide much room for manoeuvre in creating an independent policy in certain areas; therefore, we can only talk about relative autonomy (Schultz 1979, 79; Brezovšek and Kukovič 2011, 60). The local officials' political activity is partly limited by vertically higher-level policy and partly by the competences of senior state officials. Since politicians at the local level are faced with many difficulties, local politicians usually associate with senior state officials. In this way, they obtain different information, expert opinions and increase their influence in society. This creates a specific relationship between the state administration and local policy (Brejc 2004, 244; Kukovič 2011, 60; Toplak 2006, 826–827). Exercise of local government emphasises clear division of responsibilities between the state, its bodies and local community bodies. The main objective of the relationship regulation between the state and the local communities is to allow the municipality to obtain under authentic competence the functions that are essential for the life and work of its inhabitants, and that are more effectively and rationally exercised within the local community than through the state authorities (Vlaj 1998, 45).

Nevertheless, the work area of the municipalities in the Republic of Slovenia is relatively narrowly defined in the Constitution since the first paragraph of Article 140 provides that the jurisdiction of the municipality comprises local affairs that are governed autonomously by the municipality and that only affect the inhabitants of the municipality. This provision on municipality jurisdiction is limited and only partially in accordance with the policy that prevails in modern European arrangements. The local government should deal with all local matters, not only those that refer to the inhabitants but also matters that refer to people who are temporarily in its territory. The Slovenian municipalities are not responsible for exercising all the public functions in their territory (as for example Germany) but only for matters of local importance – in this respect,

³ Articles from 138 up to and including 144 (Official Gazette of RS no. 68/06, 20 June 2006).

Slovenian legislation is similar to the French example. The Constitution does not analyse local issues in detail that are not in the municipal authentic jurisdiction and thus leaves it to the legislation,⁴ which in connection with the issue of municipal competences, applies the terms: own and delegated sphere of work. The own municipal sphere of work reflects in the fact that the municipal competences comprise local affairs that may be regulated by a municipality autonomously and which affect only the residents of the municipality. Upon prior agreement with the municipality, the state may transfer to the municipality, by law, specific duties within the state competences, if it also provides the financial resources in this respect – the implementation of the principle of connexity. Such a transfer arrangement of certain state competences to the municipal level may on the one hand be understood as a regulation that prevents the state intervening in the sphere of autonomy of the local community, on the other hand, it may represent an insurmountable obstacle for the transfer of state functions to municipalities. The latter is also characteristic of Slovenia, since the municipalities have not obtained in their sphere of competencies any functions under the national jurisdiction for more than two decades.

At this point, it is necessary to draw attention to the difference between the ordinary and the urban municipality and thus the difference in the extent of their competences. A certain urban settlement may obtain the status of a municipality according to the procedure and after the fulfilment of specific legal requirements; the competencies of the urban municipality differ from an ordinary one in that it also performs statutory duties within the state competences that relate to urban development. The tasks provide the operation and integration of all the city functions like urban planning, public utilities, transport, the spatial and regulatory whole, and tasks that represent the city as a centre of cultural, health, educational, scientific and other institutions that are also important for other municipalities and the state. All the tasks that relate to the operation of the city are in the authentic city competence.⁵ The competences of the municipality are wider and more clearly defined than the competences of the ordinary municipality, which means that in practice the urban municipality effectively dissuades the state from intervening in its sphere of work, as it may invoke the urban municipality competences provided by the Constitution and the laws.

In matters of municipality competences, the Law on Local Self-Government (2015) limits the state rather than the municipality. It prevents the state from interfering in the municipalities' governing sphere. In the former, the municipal system, the municipality carried out the largest share of issues for the state. For example, in the area of internal affairs the municipality issued travel documents, firearm documents, kept a civil register, handled the registration and deregistration of permanent residences, etc. In the new organisation, the constitutional arrangement laid down the foundation of the relationship between the municipality and the state, however the focus is still on the Law on Local Self-Government (*ibid.*), which classifies the tasks that are independently governed by the municipality in six groups:

- In the field of normative regulation, the municipality adopts the municipality ordinances and other municipal acts, the municipal budget, the municipality development plan and annual accounts, spatial and local plans, regulates the management of energy and water supply utilities, roads, public paths, recreational and other public areas, public order in

⁴ The Local Government Act, Official Gazette of RS, nos. 94/07 - official consolidated text, 76/08, 79/09, 51/10, 40/12 and 14/15.

⁵ The area of public buildings, public utilities, urban transport, public institutions, etc.

the municipality, the functioning of the municipal administration, municipal public services, the manner and conditions for municipality assets management, keeps balance sheet, determines offenses and penalties for offenses that violate the municipality regulations and governs other local matters of public importance.

- In the field of governance, the municipality manages the municipal property and local public services, manages public and other companies, the municipal public areas and other public goods, local public roads and other routes.
- With its own resources, the municipality builds and maintains local public roads and other routes, promotes cultural, social, educational and library activities, builds municipal facilities and installations, apartments for the socially disadvantaged people, ensure the functioning of public services, municipal council, mayor and municipal administration.
- With the measures, it encourages the economic development of the municipality, facilitates the development of sports and recreation, provides fire safety and organises rescue aid, ensures the protection of air, soil, water resources, noise protection and orderly waste collection.
- Provides assistance and rescue in the event of natural disasters and the supervision of local events.
- Concludes contracts on the acquisition and alienation of movable and immovable property, concessions, the use of the public good and other relationships into which the municipality enters.

It should be noted that the municipality work area is governed primarily by sectorial legislation. Nevertheless, there are numerous conflicts in connection with the competences of the municipality and the state in which the Constitutional Court of RS interferes.

1.1 The autonomous performance of the municipal tasks

Under the Constitution and the legislation, the municipality independently regulates and performs its own affairs, and implements the tasks conferred on it by the law (Law on Local Self-Government 2015, Article 2). The municipality independently performs local matters of public importance (authentic tasks) determined by the municipality general act or by the law (ibid., Article 21). In the past, the municipalities were not all able to perform the tasks; therefore, in the first years after the introduction of the local government in the mid of 1990s, bigger municipalities performed some tasks for smaller municipalities (under contract); later this was arranged by establishing common municipal administrations, the common provision of public services, and facilitating the integration of municipalities in interest groups.

The original Law on Local Self-Government adopted for the first time in 1993 already included the provision that smaller municipalities may have common municipal administration. It was also determined that one municipality cannot perform the tasks of another that are by the law or other regulation considered the tasks of the municipal administration. This provision was applicable until mid-2002, when it was supplemented by the statement "except for professional and technical tasks". The possibility of creating common municipal administrations and their co-financing by the state were an additional impetus for the creation of small municipalities.

The amendment of the Law on Local Self-Government of 1997 determined that municipalities that have established a common municipal administration (CMA), should also provide funds in this respect in the proportion of the inhabitants in each municipality in relation to the total number of inhabitants in these municipalities. This provision was amended in 2005 and determined that municipalities shall provide funds and other material conditions for the CMAs tasks in the proportion of inhabitants in each individual municipality in relation to the total number of inhabitants in municipalities for which the tasks are being carried out. The Law on Local Self-Government of the mid 2007 changed the status of CMAs upon determining that the provisions of the law governing the public finances of municipal budget direct users shall apply for the financial management of the common municipal administration body whereby the common municipal administration body is a direct user of the municipal budget of the municipality in which it is located.

TABLE 1: COMMON MUNICIPAL ADMINISTRATION (CMA) IN SLOVENIA

Year	April 2006	January 2011	November 2015	October 2019
Number of the CMA	15	47	49	51
The number of municipalities involved in the CMA	80	186	195	202
Number of employees in the CMA	55	219	-	-

Source: Court of Audit of Republic of Slovenia (2012); Ministry of Public Administration and Lavtar (2019).

Since the beginning of 2006, the municipalities that organise the common performance of individual municipal administrative tasks were granted – in accordance with the Law on Financing of Municipalities (Financing of Municipalities Act-1 2018, Article 26) – additional funds for the current year from the state budget in the amount of fifty percentage of the realised municipal budget expenditure in the previous year for financing common tasks. This has greatly increased the number of common municipal administrations and the number of employees, especially in the period after the financial crisis in the beginning of 2010s (see Table 1).

2 THE FUNDING OF SLOVENIAN MUNICIPALITIES

One of the findings of the Conference of the European Charter on Local Self-Government of 1985 is that the inadequacy of financial resources can undermine the very essence of each local government. Therefore, the European Charter on Local Self-Government indicates the basic principles for financing local authorities (Vlaj 1998):

- The principle of adequacy requires the local community to have its own relevant financial resources, with which it freely disposes within its powers.
- The principle of proportionality requires that the local communities' financial resources must be in proportion to their tasks and competences.
- The principle of self-financing requires that at least part of the financial resources must originate from own levies that are under the law defined by local communities.
- The principle of elasticity requires the local communities' financial resources to be sufficiently diversified and flexible in order to follow, as

closely as possible, the cost of the implementation of delegated tasks and needs.

- The principle of equalisation protects financially weaker local communities and requires that the state ensures uniformity between local communities, not only with financial equalisation, but also with other appropriate measures.
- The principle of cooperation means that the local communities are asked, in an appropriate way, to provide their opinion regarding the allocation of reallocated financial resources.
- The principle of autonomy requires that the resources granted by the state to local communities in the form of subsidies and grants are not strictly eligible and that the provision of such resources should not interfere with the fundamental freedom of local authorities to freely decide within their own powers.
- The principle of borrowing specifies that local communities have access to the domestic capital market in order to borrow funds for larger investments within the limits of the law.

Half of Slovenian municipalities today have fewer than 5000 inhabitants, which was however from the 1994 legislative criterion for the establishment of a new municipality. But for the political reasons the National Assembly did not follow own criteria (Kukovič 2018a, 84). Nevertheless, the average Slovenian municipality (9700 inhabitants) is still relatively large in terms of inhabitants as the average municipality in the EU has only 5500 inhabitants, while many countries have even smaller municipalities. The problem, therefore, is not "smallness" itself, but rather an unimaginative and failed system of division of competences between the state on one side and the municipality on the other. Another issue is that of the absence of a regional government and a completely inadequate system of municipal financing, where municipalities do not have their own financial resources to make decisions autonomously.

Many experts who deal with the relationship between the state and local communities note that the area of funding is crucial to the status of local communities and the degree of their genuine autonomy. The financial autonomy of municipalities significantly contributes to the image of a democratic state and more autonomous local authority. Page (1991, 31) argues that one of the methods for assessing local authority decisions is the degree to which local authorities can independently raise the tax burden on the population. The legal authorisation to perform certain tasks is meaningless if the local authorities are without the financial resources. The basic obligation of elected local representatives is to politically decide upon considering the benefits of the provided services and the taxpayers' costs (Vlaj 1998, 313). The lack of financial resources changes local communities in the executive bodies of state administration; therefore, we can recently observe the tendency of introducing such local public finance systems, which are optimally independent of the state authorities. Own municipality taxes and contributions contribute to increased autonomy, but only if they can be laid down according to their own tax bases with their own tax rate. The autonomy of the local government is recognised in the possibilities that the municipality can prescribe specific municipal tax in order to finance its basic functions, and is in this respect not directly tied to conditions that are otherwise prescribed by tax legislation, while in prescribing other taxes such as charges, utility charges, etc., the municipality is bound by the legal conditions (Vlaj 1998, 86; Brezovnik and Oplotnik 2012, 280). Municipalities show greater financial autonomy if they have the opportunity to prescribe their

revenues both by source and by subject of taxation and tax rate and decide on the use of their public revenues, otherwise the municipality is only the implementor of tasks transferred to it from the state (Vlaj 2004).

Article 142 of the Slovenian Constitution specifies that the municipalities are financed from their own resources, however if the municipality fails to fully ensure the performance of the tasks due to its poor economic development, the state must allocate the municipality additional resources. The Law on Local Self-Government (2015) has never been amended in the part stating that the municipality sources of financing are own resources, state resources and borrowings, and in the part that states that the municipalities finance local matters of public importance. According to the Court of Audit of the Republic of Slovenia (2012, 29), the structure of the municipal finances in the period from 1994 up to and including 2010 consisted of 79.4 percentage own resources, 17.2 percentage of government funding and borrowing 3.4 percentage. From 2006, the new Financing of Municipalities Act (Financing of Municipalities Act-1 2018), which is not fully harmonised with the Law on Local Self-Government (2015), manages the financing of the tasks that are within municipal competence. The financing of municipalities is based on the principles of the European Charter on Local Self-Government, in particular the principles of financial resource proportionality to the tasks of the municipalities and the principle of the municipalities' autonomy in financing municipal tasks (Financing of Municipalities Act-1 2018, article 3). The principle of proportionality is also taken into account in financing tasks under state jurisdiction that the state transfers to the municipality by law. In accordance with the Financing of Municipalities Act-1 (2018), the state must determine the method of state financing by law, upon which it transfers to the municipality the performance of specific tasks within its jurisdiction; the funds must be commensurate with the nature and extent of the delegated tasks (Financing of Municipalities Act-1 2018, article 5). In accordance with the Financing of Municipalities Act-1 (ibid.), the municipalities are financed from their own fiscal resources, municipal taxes and borrowing. In connection with their own tax resources, the legislation indicates the revenues of the municipal budget, namely, property tax, tax on watercraft, tax on real estate, tax on inheritance and gifts, tax on winnings from classic gaming and other taxes, if so defined by the law that regulates individual tax. Sources of municipality income are also revenues from the 54% personal income tax paid in the previous year plus inflation for the year before and the year for which the calculation of municipal eligible expenditure is made in accordance with Financing of Municipalities Act-1 (ibid.).

With the adoption of the new Financing of Municipalities Act-1 (2018), the structure of municipality sources of funding changed; namely, in the period between 1994 and 2006 it amounted to (data in percentages) 78.3 own municipality resources, 20 state funds, and 1.7 borrowing; in the period 2007 to 2015 it amounted to 80.9 own municipality resources, 13.1 state funds and 6.0 borrowing. It should be noted that the own municipality resources include personal income tax, of which the share allocated to the municipalities increased from 30 to 35 percentage in 1998 and to 54 percentage in 2008. The increase in the share of personal income tax also resulted in the reduction of the necessary financial resources equalisation that falls into the category of state funds.

The proportion of borrowing in municipal funding sources also increased from 1994 to 2015 due to the reductions in limiting municipal borrowings, leading to several cases of heavily in-debt municipalities. According to the Ministry of

Finance (2019) data, there have been only 13 municipalities (out of 212) on 31 December 2018 that did not have any debt at all; average municipal debt per inhabitant was 414 EUR, which is still very low compared to average state debt per inhabitant.⁶ Only 27 municipalities had higher debt per inhabitant than 600 EUR, with only four municipalities having debt per inhabitant higher than 1000 EUR at the end of 2018. It is also interesting to note that 40 municipalities had their total debt higher than 50 percent of their annual budget, with only one municipality having its total debt higher than its annual budget (*ibid.*).

2.1 Financial autonomy of Slovenian municipalities

An international benchmarking study on the functionality of the vertical dimensions of power, conducted among the mayors of European countries between 2003 and 2004, modernised earlier topologies and covered the relations between the state and local governments in 17 participating countries. Table 2 shows the findings of the researchers from the said international study. The data for Slovenia is added by carrying out empirical research among Slovenian mayors in 2014 (indicator 1; Kukovič 2015, 43) and by calculating budgetary data from 2018 and 2019 fiscal years (indicators 2 and 3). Vertical relations between the municipalities and the state are⁷ measured according to three indicators:

- Indicator 1: responsibility of municipalities for pursuing social policies, in particular social services (0 = no or little responsibility, 1 = some responsibility, 2 = a lot of responsibility);
- Indicator 2: financial autonomy of municipalities in collecting their own taxes and/or in assessing the use of government subsidies (0 = low autonomy, 1 = some autonomy, 2 = high autonomy);
- Indicator 3: level (and adequacy) of public spending of municipalities, measured as a percentage of GDP (0 = less than 5%, 1 = between 5 and 10 %, 2 = more than 10%).

The value of Indicator 1 on the responsibility of municipalities for pursuing social policies, in particular social services, was determined by the Resolution on the National Social Assistance Programme 2013–2020 (Official Gazette of the Republic of Slovenia 2013). The network of public services in the field of social security includes (1) social security services, (2) social security programmes, and (3) public powers. *Social security services* can be divided into three major categories: a) information, counselling and support services; b) support and assistance services concerning social inclusion and independent living in the community; and c) housing and care services. The analysis of the Resolution shows that Slovenian municipalities have powers and responsibilities in four⁸ out of six tasks in the category of support and assistance services concerning social inclusion and independent living in the community (Category B), with three of them organised at the level of individual municipalities and one at the level of several municipalities. In Categories A (information, counselling and support services) and C (housing and care services), Slovenian municipalities have no powers; they are the responsibility of the state, organised at the level of one or

⁶ According to the data available from the National Statistical office, total debt per inhabitant at the end of 2018 was 15.560 EUR (see <https://www.stat.si/StatWeb/Field/Index/1/86>).

⁷ The vertical power relations between municipalities and the state are measured on the basis of estimates made by the selected countries that participated in the international study among the mayors of European countries in 2003 and 2004 (see Bäck et al. 2006, 11).

⁸ These tasks include: domestic help for the elderly; domestic help for adults with disabilities, the chronically ill and people with long-term health problems; home care assistant and domestic help for children and minors.

more administrative units. *Social security programmes* consist of 10 networks of programmes aimed at preventing and solving the social distress of vulnerable groups. Only one network out of ten falls within the scope of work of municipalities,⁹ while all others belong to the remit of administrative units and are under the jurisdiction of the state. The implementation of *public powers* and other tasks and measures is also organised by the state in the Social Work Centres for one or more administrative units. Davor Dominkuš explains the current division of powers in the area of social policies between the state and municipalities by the absence of an intermediate level – regions; the latter could take over most of the tasks under the jurisdiction of the state (Kukovič 2015, 44). Based on the analysis of the Resolution and the review of powers in the area of social services, we estimate that Slovenian municipalities have some powers and responsibility for social policy. There were no significant legislative changes in the last five years in this policy area, so it's safe to assume that mentioned estimation is still very much valid today.

Indicator 2 represents the financial autonomy of municipalities in collecting their own taxes and/or in assessing the use of government subsidies. Local taxes are the largest source of income for local communities in countries with developed local self-government. They are one of the characteristics of independent local communities and symbolise the autonomy of local representative bodies elected by the inhabitants. Tax assessment is a fundamental right of democratically elected representative bodies, separating the public authority from private citizens. It is also the most challenging task performed by public authorities. However, the citizens more willingly accept the assessed taxes if they know what they are intended for at the local level. In Slovenia, the position of municipalities is quite difficult. The only tax source on which the municipalities could decide is the *compensation for the land use*, but this should be¹⁰ replaced by the property tax sometime in the future. Taking into account the compensation for the land use in the total income of municipalities, the tax autonomy of Slovenian municipalities in 2012 was 8.9% (Kukovič 2015, 41–43) and in 2019 the tax autonomy of Slovenian municipalities increased to 15.1% (Ministry of Finance 2020). If we compare this indicator with the scope of tax autonomy in the EU Member States, which ranges from 0% in Malta and Latvia to over 50% in the Nordic countries (Godet and Hoorens 2008), we see that Slovenia ranks in the bottom half on the scale of fiscal autonomy of subnational authorities. As a result, Slovenia has already been warned by the Council of Europe (2011) that it should strengthen the financing system in terms of increasing the financial autonomy of local authorities with the expansion of the income from local taxes and fees and ensure the criteria that more closely connect the calculation of the amount of per capita consumption with the functions of local authorities, and tax autonomy actually slowly increased to 15.1% in 2019. The increase is mainly – given that there were no significant legislation framework changes in the given period – consequence of increased taxation rates for the compensation for the land use and increased European Union (co)funded projects.

The municipalities are also quite dependent in the area of assessing the use of government subsidies, since the factor of financial dependence of the municipalities amounted to 73.5% (in 2012; Kukovič 2015, 42) and 69.8% (in 2019; Ministry of Finance 2020). This suggests that the financial independence

⁹ This is a network of programmes for the elderly who are at risk of social exclusion or needs support and assistance in everyday life, including the programme of assistance and support to people with dementia and their relatives, as well as intergenerational centres.

¹⁰ See *Strategy of Local Self-Government Development* (2015).

of municipalities in the year considered was only 26.5% (in 2012) and 30.2% (in 2019). In addition, the state and its institutions exercise supervision of the use of financial resources (Kukovič 2018b, 177; Milunovič 2012; Križanič et al. 2019, 46); in this respect, the municipalities do not have a high levels of autonomy. To conclude, the financial autonomy of Slovenian municipalities remains relatively low, but its improving slowly through the last few years.

Indicator 3, public spending of municipalities as a percentage of GDP, was calculated on the basis of the available GDP data for 2018, which amounted to EUR 45,755,000,000, and the overall spending of municipalities, which amounted to EUR 2,198,005,264 in 2018 (Ministry of Finance 2020). The percentage of public spending in Slovenian municipalities as a percentage of GDP is 4.80 for 2018.

TABLE 2: VERTICAL POWER RELATIONS OF THE MUNICIPALITIES OF THE SELECTED EUROPEAN COUNTRIES

Country	Municipalities are responsible for social policy, in particular social services (1)	Financial autonomy of municipalities (2)	Consumption of municipalities in GDP % (3)	Sum of the values of indicators (4)
France	0	0	0	0
Greece	0	0	0	0
Portugal	0	0	0	0
Spain	0	0	0	0
Slovenia	1	1	0	2
Italy	1	1	0	2
Czech Republic	1	0	1	2
Ireland	2	0	0	2
England	2	0	1	3
Belgium	2	0	1	3
Poland	1	1	1	3
Austria	2	1	1	4
Switzerland	2	2	1	5
Germany	2	2	1	5
Netherlands	2	2	1	5
Denmark	2	2	2	6
Hungary	2	2	2	6
Sweden	2	2	2	6

* Column 1: 0 = none or little, 1 = some, 2 = a lot; Column 2: 0 = low, 1 = some, 2 = high; Column 3: 0 = less than 5%, 1 = between 5 and 10 %, 2 = more than 10%; Column 4: sum of the values in Columns 1–3. Source: Assessment made by national research groups in Heilnet and Hlepas (2006, 28); the data on Slovenia derived from our own analysis.

Table 2 shows that, according to the three indicators considered, the assessment of the role of municipalities in relation to the state in the vertical separation of power, responsibilities and resources, made by the national research groups of the selected countries, corresponds to the Hesse-Sharpe's typology. Each country could obtain a maximum of six points. This means that a highly autonomous decentralised level of policy-making has a strong constitutional position and relative financial independence in relation to the state. This is typical of the Northern and Central European group, as is evident from the table. On the other hand, there are the countries of the Franco-group, where local authorities cover territorial communities and form territorial structures for representing interests at the lower level of government. In between, there are the countries with a weak legal and political status of local authorities, whose role is more functional than political (Anglo-group). Slovenia received two points, as did the Czech Republic (along with Poland, which is ranked in the middle of the continuum with three

points),¹¹ belonging to a special group of new democracies, to the Central and Eastern European group. Hungary also belongs to this group, but its score stands out – based on the assessment made by the national research group, it got six points.¹²

4 CONCLUSION

One of the key objectives of the local self-government in Slovenia was to establish such a system of division of authority between local communities and the state that would enable and create a certain level of autonomy of local communities in relation to state authorities. After gaining independence, Slovenia had to re-define and establish a system of local self-government, which was significantly different to the earlier communal organisation. As the entire system was introduced too quickly, without considering expert opinions, and as the area was new and relatively unknown, certain issues arose. As a consequence, and due to the unwillingness of the state to give up its powers, the division of powers caused disagreements and tensions. The tasks imposed on the municipalities by the state in previous two decades were mostly non-essential from its point of view. At the same time, the state was not willing to increase the powers of municipalities in certain other areas, such as spatial planning, agriculture, small industries, etc. The municipalities thus perform relatively narrow local tasks, while no national power has been delegated to them. A relatively modest range of original tasks hinders the process of decentralisation, which is typical of the development of local self-government in other European countries.

The financing of local communities also represents an important aspect of relations between the state and local communities, indicating the level of autonomy of local communities in relation to the state. The financial autonomy of Slovenian municipalities is minimal, since their financing largely depends on the law and the annual budgetary decisions of the national parliament. In Slovenia, the financing of municipalities is quite centralised, as the state has significant power and supervision of the use of public income. What is more, its power is also reflected in a high proportion of grants and transfers allocated to the municipalities from the state budget. On the other hand, the problem lies in the high fragmentation of the Slovenian territory – a lot of municipalities established during the process of introducing the new system are too small and too weak to be financially autonomous and self-sustaining. If we also consider the findings of an international study and our own research, through which we included Slovenia in the study, we can conclude that the autonomy of Slovenian local self-government is, unfortunately, very low even in the context of international comparison.

¹¹ For Poland, recent study (Satola et al. 2019, 332) finds that a large percentage of Polish rural municipalities (nearly 60%) continue to exhibit medium low and low levels of financial autonomy.

¹² It should be pointed out that the countries (apart from Slovenia) were originally assessed in 2003 and 2004, i.e. before the reforms introduced in the last decade. Today the situation might be different.

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