

MNV

HUNGARIAN STATE HOLDING COMPANY

The National Land Fund and its Role in Land Policy

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Topics



- Introduction and Legal Environment
- Organisational Structure of Hungarian State Holding Company
- State-owned land and forests
- Guiding principles of land policy
- Management of the assets of National Land Fund
- Main tasks of the Directorate responsible for National Land Fund

Introduction

- The Hungarian National Land Fund was founded in 2001.
- The new organisation was responsible to manage the state-owned agricultural lands and make use of them according to the Government land policy.
- The HNLF as part of the national assets includes all state-owned agricultural lands with changing quality and location.
- HNLF also includes lands withdrawn from cultivation but supporting agricultural production and activities.

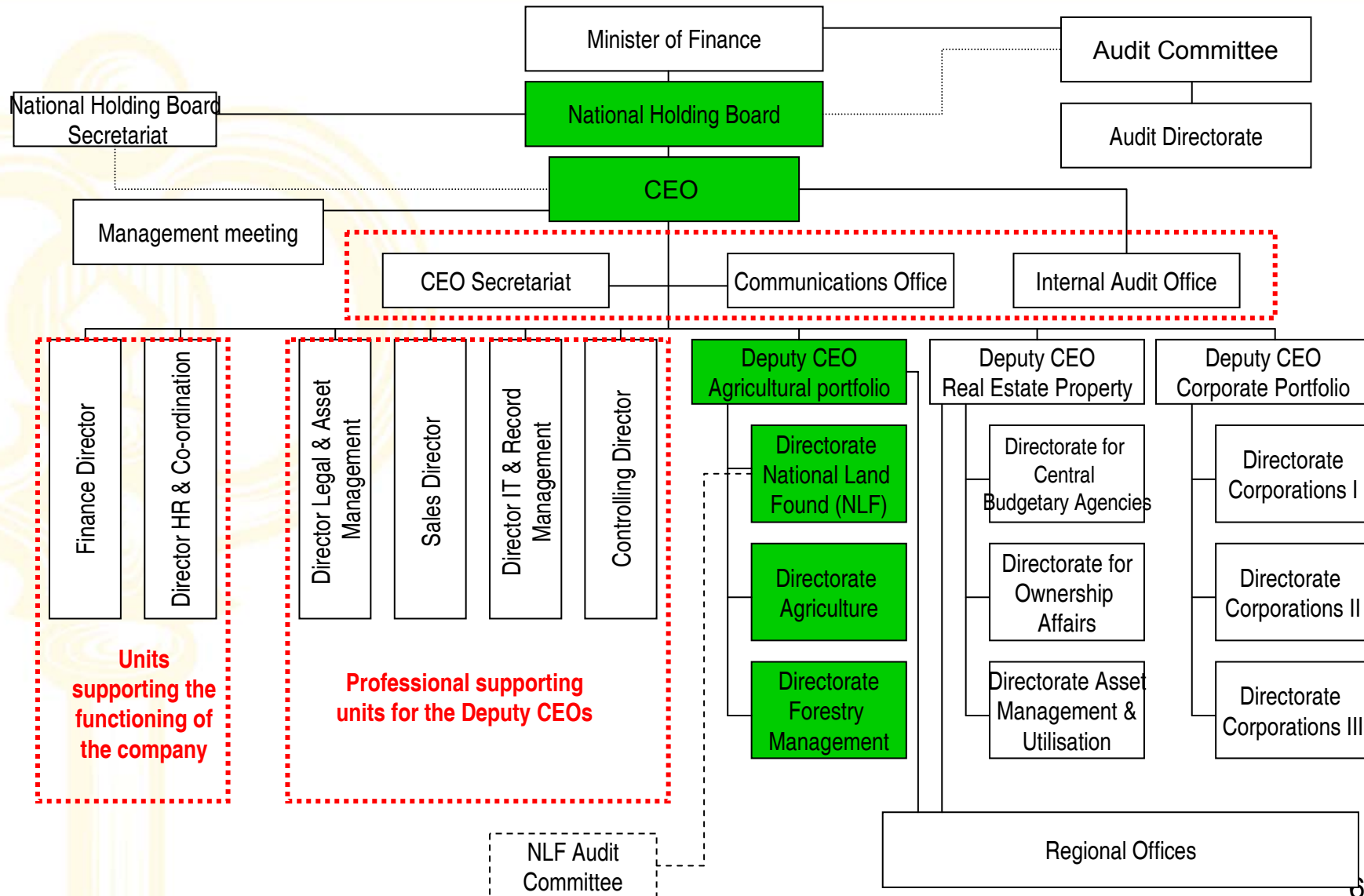
Introduction, cont.

- The State utilizes these lands partly through holding, partly under other titles, aiming at agricultural or forestry production, or sells them for realizing certain public purposes.
- In 2007, a new act on state assets was passed, merged different organizations including the Hungarian National Land Fund under the name Hungarian State Holding Company.
- According to this act, the National Holding Board exercises the property rights above all state assets.

Act CXVI of 2001 on the National Land Fund

**Ensuring the transparency and control
of state property management**

Organisational Structure of the Hungarian State Holding Company



State-owned Land and Forests



Cultivation method	Thousand hectares
Farmland (field, garden, orchard, vineyard, grassland)	1 250,88
Forests, reeds, fishponds	1 181,02
Exempted from cultivation	144,83
Land total	2 576,73

Guiding Principles of Land Policy



- Stimulation, regulation of the land market
- Promoting the acquisition of land, which is necessary for the functioning of stock-raising farms
- Maintaining the land rent concentration adjusted for competitiveness
- Assisting the change of cultivation methods
- Ensuring of preferential land for the functioning of special farms
- Promoting the development of a rational landowner and rental system
- Announcing and managing the 5th phase of life annuity program

Management of the Assets of National Land Fund



- Influencing the proportion of property and leasing based farming
- Land leasing with tendering or supporting of utilisation
- Definition of purchasing aspects for development of NLF land property
- Ranking of aspects to be considered by land selling
- Maintaining the cultivated condition of transitionally not used , NLF managed land
- Ensuring the utilization obligations incurred in contract by land sale

Main tasks of the Directorate responsible for National Land Fund



- Farming/management of state-owned land
- Implementation of land policy guidelines during farming/management
- Managing the life annuity program
- Tasks in relation with hunting
- Affairs concerning land and territorial claims
- Managing the tendering for land lease
- Professional coordination of auctions and tenders

Main tasks of the Directorate responsible for National Land Fund

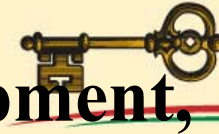


- Preparing of property management and leasing contracts,
- Issuance and checking of proprietary permissions,
- Administration concerning temporary permissions for land utilization,
- Affairs concerning the establishment of easement,
- Professional coordination of the regional offices.

Land Consolidation, Land Development

- Currently (2008) there is no general act on land consolidation,
- Since 1994, opportunity provided for voluntary land change aiming at land consolidation and merging scattered properties,
- These activities have been managed by the territorially competent land offices (institution of unified cadastre and land registry)
- The state supports the purchase of agricultural land with the aim of merging properties,

Land Consolidation, Land Development, cont.



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- The national support has been allocated through tendering, involving 500-900 applicants annually.
- The amount of support HUF 400-500 million (Euro 1.5-2 million) annually.
- From the year 2008 - considering EU rules – every owner is entitled to financial support of purchasing agricultural land for merging scattered land parcels.
- There are certain limits in size for individuals to own agricultural lands in Hungary.

Purchasing Agricultural Land for Life Annuity

- NLF started a programme in 2004 for purchasing private agricultural land parcels from elderly people against life annuity,
- NLF bought agricultural lands from more than 19 000 owners, covering almost 54 000 hectares.
- The annuitants' average age is about 70 years
- The average sum paid for them monthly is HUF 31 400 (Euro 120).

Purchasing Agricultural Land for Life Annuity



cont.

- In 2006, NLF sold 18 000 hectares for HUF 7 billion (Euro 28 million).
- In 2007, NLF sold 34 750 hectares bringing an income of HUF 15 billion (about Euro 60 million) to finance life annuity payments.
- According to actuarial calculations, the total sum to be paid to beneficiaries from 2004 to 2008 for life annuity reaches HUF 100 billion (about Euro 400 million).

Annual Plan for Managing Agricultural Land

- Planning the size of agricultural land for selling and leasing in the given year (in 2008, 19 thousand hectares can be sold),
- Managing the programme "Purchasing agricultural land for life annuity". Fourth turn will be closed and fifth turn can be opened in 2008,
- Preparing strategy of vesting agricultural land free of charge to local governments, supporting the social land programme,
- Examining and cancelling trustee contracts for estate management and making new contracts.

Annual Plan for Managing Agricultural Land, cont.

- The income realized from the utilization of agricultural land managed by NLF, should be assigned to the following purposes:
 - Pay the costs of exercising the state ownership rights,
 - Pay life annuity for purchased agricultural land,
 - Pay prices of purchased agricultural land.

**Thank you very much for
your kind attention!**