

Summary on the best and the worst examples of local measures evaluated in Slovakia

A sampling of the local government measures evaluated as part of the HESO Regions project¹

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Project

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¹ The Slovak project HESO-Regions implemented by INEKO institute in 2000-2007:

http://www.ineko.sk/static/heso_regiony/index.php

² The project implemented by INEKO institute in 2017-2019 in Moldova:

<http://www.ineko.sk/projekty/promoting-transparency-and-financial-sustainability-of-regional-policies-state-owned-enterprises-and-local-authorities-in-moldova>

Description of some of the measures that received positive assessment:

1. Improved accountability and effectivity of welfare payments from local government; prevention of welfare abuse:

- Dolný Kubín has reduced abuse of social welfare payments by implementing electronic cards

Features of the measure:

Dolný Kubín has implemented a project unique in Slovakia for the management of welfare payments to persons receiving hardship benefits. The payments are made via an electronic card. For more than two years, the city has been acting as the special recipient of welfare benefits for those citizens who are unable to manage the monthly income they receive from the government. This includes primarily those with substance dependencies, the homeless, underprivileged families, and even pensioners who are unable to make ends meet from their monthly pension.

In the past, the city has tested various forms of payment of welfare benefits, personal assistance with the receipt of benefits, and even a voucher system, but none of those proved effective as they were easily misused. Recipients would buy items and exchange them for alcohol, leaving them without money for basic necessities. The electronic card makes this impossible because all the contracting partners have special readers on the cards that allow social workers to track detailed data about where, when, and for what the client has used the card; this way, they know exactly what the client has purchased. The card also offers other advantages. Clients can make purchases at selected shops according to pre-set daily, weekly, or monthly limits. If a card is lost the recipient does not lose any money, as the card only holds information about the owner's credit. The card cannot be used to make withdrawals from ATMs. Bonuses can also be credited to cards that can then be redeemed by recipients for recreation, discounted admission to swimming pools, and other similar activities. The city wants to motivate recipients to become better integrated in society.

As the special recipient, the city must provide persons in need with one hot meal per day, accommodations, and basic garments. All of these things can be easily purchased with the electronic card.

Remarks:

The assessment committee said this measure is progressive and serves as an example that can help other local governments and recipients alike to better manage how welfare benefits are used. Antonín Eliáš, editor-in-chief of the magazine *Obec a finance* in the Czech Republic, also believes this is a positive measure. He thinks this system for managing welfare benefits for people in financial hardship is optimal in terms of the provider, even though the recipients may not always be pleased with it. However, in view of the nature and intention of welfare benefits, it is in the interest of society to first protect public funds and only then to make the recipients happy. He also appreciates that the city tried out a variety of ways in which to pay out benefits, ultimately leading to the optimal solution.

Laura Dittel, director of Karpatská nadácia in Košice, also views the measure in a positive light. She believes that it is the duty of society (through the local governments that are in charge of these programmes) to take care of people who, for various reasons, are unable to or cannot take care of themselves. One of these groups of people is the maladjusted inhabitants who are dependent on

the state's social system. The measure is a new step bringing new solutions that will undoubtedly help the intended people. One thing she has concerns about when it comes to all such measures is that to a certain degree, they interfere with the personal autonomy of these people. If we take the completely opposite point of view, every person has the right to independently manage their own money and the right to the troubles he causes to himself, even if he were to continue sinking deeper and deeper into unsolvable problems.

2. Dealing with non-payers and unpaid debts:

- In Rakúsy they have eradicated the non-payment problems in the Roma village

Features of the measure:

With the help of the special recipient scheme (SRS), the local government of Rakúsy, in the Kežmarok district, has been able to completely eliminate the rent arrears in the local Roma public housing estate. They began implementing the special recipient scheme in the municipality in 2004, with 5 people, after welfare benefits were reduced and the residents partially stopped paying rent. The largest number of persons registered at one time in the SRS was 580. By using the SRS, the municipality has no reported rent arrears on any public housing units.

According to the mayor, there is no better instrument available for dealing with non-payers, even if it means additional paperwork for the municipality. Ironically, when the mayor began implementing the SRS the majority of the people found it to be an unacceptable solution that would eventually lead to the mayor losing the next election. However, the mayor saw a sweeping win in the election with 500 more votes than the other candidates (in a municipality with a population of 2100, of which 1570 are Roma).

Remarks:

The measure was viewed very positively by the assessment committee, although there were a few comments that it more or less only addresses the cause, but not the effect, of the non-payment problem. However, considering that this is a problem many local governments are unable to resolve, the assessment committee concluded it was a positive example worthy of recognition.

Laura Dittel, director of Karpatská nadácia in Košice, said it was one of the positive examples that must be given visibility and media attention as a good practice that is transferrable to other communities. She believes that eastern Slovakia and the Spiš region are areas where such a measure should be implemented in a number of communities, as it not only reduces the number of non-payers but also eliminates the usury problems and reduces the tensions between the minorities and the other residents.

According to Ľubica Trubíniová, project manager at the Regional Association for Conservation in Bratislava, the measure is also a practical tool for home economics schooling and helps address the difficult social and economic problems in the municipality. She goes on to say that it also incorporates moral and ethical aspects, such as the courage shown by the mayor/local government to implement a positive, yet initially unpopular solution, the resolve to take on personal risk (the possibility of losing the election), putting the interests of the municipality before personal interests (meaning political interests), and so on.

Antonín Eliáš, editor-in-chief of the magazine *Obec a finance* (Czech Republic), noted that in his opinion Slovakia has done more than the Czech Republic to address the issues of the Roma

community. He believes the results seen in Rakúsy are proof that the use of the special recipient scheme produces tangible results that are not only factual (eradicating the non-payer phenomenon), but also political (election results). It is his experience that this scheme is only rarely implemented in cities and municipalities in the Czech Republic because of ambiguous legislation, but apparently also because of the increased administrative burden involved.

- Levoča published a list of the largest non-payers

Features of the measure:

The names and addresses of non-payers were posted in Levoča on the city's notice board, in the Levoča monthly gazette, and on the internet. This move was approved by the Levoča city council, and according to the city it is permitted by law. The non-payers are angry, but the municipal coffers saw a large increase in payments and a roughly 15% growth in the settlement of debts.

Persons who owe more than five thousand crowns on property tax or refuse collection, and companies owing more than fifty thousand crowns were listed on the wall of shame that hangs in the municipal office. Levoča residents owe the city approximately twelve million in property tax arrears and are five million in arrears on payments for refuse collection services.

Remarks:

The majority of respondents said they agreed with the measure and that it was a courageous decision that has proven to be effective in Slovakia.

Eugen Jurzyca: It is excellent, and it is about time. The most antisocial thing in our country is a false social conscience, and everybody pays the price for that. It stealthily and invisibly depletes the capacity for solidarity. Some believe (and some politicians therefore make it a talking point) that collection of these debts is antisocial, but many 'successful' people and many wealthy companies have been exploiting and filling their pockets from it for years. People in need must be helped, but not by letting them get away with not paying taxes, compulsory insurance premiums, and user fees. On the contrary, if we allow that to happen then ultimately society will have no funds to help those who are most needy. Not to mention the fact it favours self-interested opportunists to the detriment of loyal citizens, which leads to the creation of moral standards that are typical of failed societies.

According to Vladimír Pirošík, lawyer, adviser for Transparency International Slovakia, as well as council member in Banská Bystrica, the 'wall of shame' is something that has historically proven to be effective in Slovakia. He also points to an error in the act on administration of taxes and fees, according to which the state is required to publish a list of its largest debtors (§ 23(b)2), but local governments are not required to do so, but may publish such a list at their own discretion (§ 23(b)5). As a result, only Levoča and a few other local governments publish a list of debtors, but the absolute majority of Slovak cities and municipalities do not.

Juraj Gallo also thinks this is a bold decision, but he also thinks that results are the most important, and in this case they speak for themselves. The city needs funds to fulfil its duties, and it is the obligation of the city to use all available instruments to collect the debts. The city believes the measure will benefit all residents.

- The local government in Košice-Šaca has taken an uncompromising step toward resolving their non-payer problem

Features of the measure:

The local government in the Košice-Šaca administrative division has cracked down on tenants – the non-payers living on the Námestie oceliarov street. It served eviction notices on ten tenants, with no entitlement to alternative housing. Seven of them promptly paid at least half of their rent arrears, amounting to tens of thousands of Slovak crowns.

The local government was forced to take these radical steps because the rent arrears has accumulated to an amount in excess of ten million crowns (€358,795) just for residential units; the rent arrears on commercial units is in excess of thirteen million crowns (€431,521). The remaining three families, who have made no attempt to pay their debt, will have to vacate their flats in the near future.

According to the mayor of this administrative division, the local council is also contemplating a change in the system of water regulation in these buildings, where a separate delivery point would be installed for each building, and the water would be shut off to any building where a tenant is in arrears.

Remarks:

Most experts agree with this strategy, some committee members even said the local government should have taken a firm stance much sooner.

According to Eugen Jurzyca, solidarity is a firm part of the 21st century. The rich, strong, and healthy should help the poor, weak, and sick. But solidarity is not about tolerating theft, fraud, and non-payment of debts. That type of system is taken from the user manual of a society that does not know who is supposed to help whom.

Eduard Vokál, mayor of Lipany, thinks that this should be a standard strategy. The local government manages public funds, and it is inexcusable if rent arrears is allowed to spiral to such heights without any type of intervention. He believes this local government has failed at this in the past. If resolute steps are not taken there is no chance for any improvement. The tenants must know that if they break the law, if they break agreements and contracts, they will be held responsible.

Antonín Eliáš, editor-in-chief of the magazine *Obec a finance* (Czech Republic), thinks that in broader terms the non-payer problem arises particularly when tenants objectively find themselves in a complicated economic situation due to unemployment, etc. He believes that the proper social policies must be timely implemented, but rapidly rising rent arrears must be nipped in the bud and the city's toughened approach shows that it is working. However, it is important to comply with the law and he does not believe the answer lies in water restrictions.

- Čaklov effectively solves rent arrears problem

Features of the measure:

The local government of Čaklov (Vranov nad Topľou district) has taken an unconventional, yet effective approach to resolving the rent arrears of the local Roma community living in lower-quality housing. The Roma citizens pay €15 each month out of the pay they receive from the municipality on the subsidised employment scheme. Payments are voluntary, but the municipality has ensured

they will be made by only signing new monthly subsidised employment contracts with those debtors who have made their monthly payment by the 25th of the month.

The municipality was forced to take these steps because in some cases the rent arrears amounted to hundreds of euros and the tenants wilfully ignored payment reminders. The measure has shown to be very effective, and over the course of two months the arrears were nearly all paid up because in some families, more than one member of the family was engaged in subsidised employment and they pooled their money to pay off their arrears.

Remarks:

The assessment committee found this measure to be an exemplary solution to the non-payment problem. In particular, they appreciated that the measure is educational as well as motivational, yet does not interfere with the rights of the target group.

Ľubica Trubíniová, project manager at the Bratislava otvorene initiative, agrees and she particularly likes that the measure has a systemic educational effect in that the people can only get more money from the donor (the source of the money) after they have paid up their debts. In other words, no benefits for free, regardless of whether the benefit is by way of a gift or if they had to work for it. She also views as positive the fact that the measure helps to keep up good work habits even when the specific motivation falls by the wayside. She also believes the measure has an additional benefit in that it is a demonstration that the Roma minority can work and meet their obligations equally as well as the non-Roma, which is the best possible start to the gradual breakdown of prejudices and barriers between minorities and majorities.

Mária Nádaždyová, Senior Program Manager EPPP - European Public Policy Partnership in Bratislava, also believes this measure is deserving of attention and praise for several reasons, because it is ultimately not simply a legal source of income which, on a practical level, resolves the persistent rent arrears problem of the long-term unemployed Roma living in lower-quality housing. Instead, it has a longer term impact with its potential to shape the behaviour, habits, and sense of responsibility of the target group and contribute to their social integration.

She thinks that as opposed to other very similar measures implemented in other municipalities that struggle with the same problems, it is important here to emphasise what the approach chosen by the town of Čaklov does not do: it does not take away the opportunity from non-payers to lawfully improve their economic and social conditions, which would relegate them to the position of eternal non-payers and social outcasts. On the contrary, by making wages available to them, it is creating a real chance to resolve their situation and to accept responsibility for their own actions, and it is leading them toward this goal every step of the way. However, she also pointed out that there is significant risk that the measure could be in conflict with antidiscrimination laws if it is only applied to one ethnic group (Roma) and not equally to everyone who is in similar arrears.

3. Increased transparency and awareness, simplified access to information and communication with residents

- Žilina publishes contracts on the internet

Features of the measure:

The city of Žilina began publishing its contracts on its website. The first contracts to appear on the website are between the city and Žilinská parkovacia spoločnosť, a purchase and sale agreement,

and a lease purchase agreement for the sports arena on Bôrik. The city began publishing documents at the request of residents. The mayor said the city would publish those contracts requested by the residents in accordance with the freedom of information act as well as those requested by the media. He said that in the future, the city would like to publish all contracts, but cannot do so at this time due to technical and capacity constraints.

Remarks:

Members of the assessment committee welcomed this measure implemented by the new leadership of the city and said it was a step in the right direction. Silvia Ručinská of the Faculty of Public Administration at Pavol Jozef Šafárik University in Košice said she agrees with the rule that *what is communal is also public*, and in her opinion the public should automatically be informed of all contracts entered into by their local governments. Bohumil Olach, editor-in-chief of *Obecné noviny*, believes that a law should be passed that would require the publication of all contracts and other financial transactions undertaken by local governments. According to Eugen Jurzyca, director of INEKO, the city should elaborate on the criteria for the publication of contracts, otherwise we could end up with 'selective transparency'.

- The mayor of Spišská Nová Ves disclosed his assets

Features of the measure:

Ján Volný (Smer-SD), the mayor of Spišská Nová Ves, kept his promise and published his asset disclosure form on the city's official website. The disclosure shows that the leader of the city owns two flats in the city centre, one garage, a detached home in the Ferčkovce city district where he lives with his family, and a cottage in the Levoča Mountains. Apart from the properties he co-owns with his wife, he also disclosed his earnings for last year. Mr Volný invited members of the city council to consider following his lead and publishing their asset disclosure forms.

Public officials are subject to the constitutional act on protecting the public interest in the exercise of the duties of public officials. The president, MPs, ministers, state secretaries, municipal mayors, members of city councils, members of administrative region councils, and other public officials file asset disclosure forms. They are required by law to file asset disclosure forms, but not to make these available to the public.

Remarks:

Members of the assessment committee view this measure in a positive light and as unique in local politics in Slovakia. However, they pointed to the need to publish additional information to ensure that asset disclosures can be considered truly transparent. Zuzana Wienk believes this step taken by the mayor will contribute to improving the political culture on the community level. She thinks the asset disclosure published here is actually more detailed than the disclosures published by public officials on the website of the Slovak National Council. She observes, however, that not even the mayor's published notice allows for effective monitoring of conflicts of interest. For effective monitoring, it is her opinion that the data published should be expanded to include the market value of the assets and other risk aspects (such as gifts accepted, sponsored travel or education, emoluments arising out of sitting on the boards of legal entities, etc.).

Jiří Životský, mayor of Sokolnice (Czech Republic), also thinks it is right for the public to monitor the assets of politicians. However, he also points out that there is a downside, that being envy. He cautions that for some people, it could be motivation for robbery or for blackmailing a particular politician and in his experience, this has been known to happen on occasion.

Michal Kaliňák talks about the need to compare the growth of assets to sources of income, which provides information that he believes is a better indicator.

- Šaľa implements progressive principles for informing citizens

Features of the measure:

The city of Šaľa has approved principles of information that lay down the rules of communication between the local government and residents. The city publishes more information in accordance with these principles than what is required of local governments by the freedom of information act. The city actively publishes the contracts it concludes, incoming invoices, subsidies granted by the city, information about business trips undertaken by local government officials along with their business telephone numbers and account numbers, as well as other information such as the status the city's budget implementation, and more. Moreover, all information given to residents on the basis of their individual queries as part of the freedom of information act is automatically made available to the public. Citizens may request information by completing the form available on the city's website, which is then automatically sent to the municipal office.

Remarks:

Members of the assessment committee gave very high marks to this measure. According to analyst Richard Drutarovský, the publication of information is important for the monitoring of local governments and for renewing public trust in a representative democracy. But he also thinks that the success Šaľa has had with its extensive publication of information should only serve as a forerunner of the enshrining into legislation of substantially broadened quantity and quality of information that must be published.

Antonín Eliáš, editor-in-chief of the magazine *OBEC and finance* (Czech Republic) also praised the city's approach, and pointed out that attempts in the Czech Republic to require the publication of contracts concluded by cities and municipalities were rejected on the basis that it would infringe trade secrets. He is of the opinion that citizens should be able to obtain all the information they request from their local government.

- Local councilman in Petržalka discloses running report of his work

Features of the measure:

Bratislava-Petržalka councilman, Michal Novota, decided in January 2008 that he would prepare a report summarising his first year as a council member and he published that report on his blog and on his website. At the same time, he invited Petržalka residents to send him their complaints, requests, and suggestions concerning public administration matters.

This is not how council members typically communicate with their constituents, as mostly mayors and council members put forward these types of summary reports before elections as part of their election campaigns.

Remarks:

Respondents agreed this was a positive way for council members to communicate with their constituents and that it deserves public support. Many appreciated the councillor's efforts to overcome the general scepticism of citizens and lack of interest in public issues, as well as his attempt to motivate citizens to participate more in public life.

Dušan Sloboda, analyst at the M. R. Štefánik Conservative Institute, likes the idea of elected public officials showing an effort to communicate openly with citizens and voters during their tenure in office. He thinks that a running account of the work of council members is a rarity, even though it should be the norm, and for the time being when we do see such reports at all from mayors, and even less often from council members, the reports are usually presented during an election campaign to improve their chances of re-election. He believes we should welcome this type of continual communication with constituents, particularly if it takes place outside the newsletters and bulletins churned out by city hall thanks to subsidies from the coffers of administrative regions.

- Council meetings in Turčianske Teplice on the internet

Features of the measure:

Council members in Turčianske Teplice vote electronically at meetings, and each councillor has a microphone and voting card. The new feature will benefit the public, because residents of Turčianske Teplice will be able to look on the city's website and see how each councillor voted at a given council meeting. The system also records meetings, and the recordings will be available on the city's website for residents to watch the meetings and listen to what council members had to say about the matters they debated. The equipment is also capable of segmenting council meetings by agenda item, so citizens will have a better overview and be able to watch only those parts they are interested in. At the December meeting, the city also tested the live broadcast of meetings over the internet, so in all likelihood they will implement this function in 2009. That will ensure a picture to go along with the sound.

Remarks:

Most experts said this measure was beneficial and would lead to the greater awareness of citizens, and greater public control will lead to more transparency in the public decision-making process.

According to Zuzana Wienk, director of Aliancia Fair-play, this is part of an ambitious digital local government project in Slovakia and Turčianske Teplice has proved itself to be a progressively thinking local government. Transparency should also mean easy access to information that is easy to understand by the citizens. She warns that it is not all that easy to locate the sound recordings on the city's website and access to them is not straightforward and intuitive. She believes this unavailability of information considerably limits the reach and significance of the measure.

Jozef Čavojec, journalist at the SME newspaper, also thinks this is an outstanding measure. But he also thinks it is questionable whether anyone will actually watch, and it is possible that only a handful of activists will end up showing any interest in public matters. But that does not change the fact that this is one way to reveal the interests of elected officials in the local government – and therefore corruption or clientelism.

- Turčianske Teplice launched a Digital City project

Features of the measure:

Turčianske Teplice has launched a Digital City project with the objective of streamlining and improving the quality of the services it provides to residents and business operators. The project implements electronic communication between the city (municipal office) and citizens. It enables citizens to take care of their official business over the internet from home, at a time they find convenient, without having to visit the municipal offices. Digital City greatly simplifies and accelerates the processing of the most frequent official transactions from the comfort of home, 24/7, online. Users log in and select the service they need, and are then taken to the appropriate online form to fill in. They send the completed form and the system automatically directs the form to the responsible person at the municipal office. The municipal employee will find the resident's application in their electronic system and will then process the request electronically.

Residents and businesses can submit their applications using the online form on the city's website, or if they prefer they can submit applications in paper form in person at the municipal office. The receiving desk employee will enter the written application into the electronic system and it will then be processed as though it had been submitted online. Municipal office employees no longer work with paper forms. Citizens (applicants) can check the status of their application and which municipal employee is currently processing it, which streamlines the work processes at the municipal offices.

In the initial phase the city is offering a total of ten online services, and if this new system catches on with the residents the city will expand this to include more services.

Remarks:

The assessment committee considers this measure to be particularly beneficial and modern, and apart from the indisputable practical benefits (speed, comfort, encouraging the electronic literacy of citizens) it also improves the transparency of the process by which complaints are handled, and is cost-saving over classic paper forms, which means it is kinder to the environment.

According to Juraj Gallo, finance clerk at the municipal office in Žiar nad Hronom, the measure is viable and he firmly believes that in a few years it will be commonplace in all local governments. He thinks that the cost of setting up an electronic signature is relatively high for individuals, which could be a limiting factor, so the state should implement policies in support of the system.

Daniel Klimovský, assistant professor at the Technical University Faculty of Economics in Košice, also believes this is an excellent idea that corresponds to the concept of good governance and, once implemented, closes the distance between the residents of the city and its municipal offices. On the other hand, it is important to remember that the tools of e-government are not equally suitable for all segments of society. Some research has shown that the elderly in particular, and residents with a lower level of education, do not have the courage (and sometimes not even the skills) to use these tools. Another matter is that some do not trust digital methods of handling their personal affairs, and the city should keep these people in mind as well. It might be a good idea for the city to incorporate various educational activities into the Digital City project.

4. Enhanced transparency and efficiency in procurement and disposition of property and procurement services:

- Petržalka tightens controls over allocation of municipal housing

Features of the measure:

Implementation of a new measure in Petržalka should increase transparency in the management of municipal housing. The January meeting of the city council saw the disclosure of information for the first time to Petržalka councillors, and to the public, about the recipients of municipal housing and the terms of their tenancy. Mayor Milan Ftáčnik will submit a detailed municipal housing management report to the council every quarter. Public information about municipal housing will include unit address, square metres, and number rooms, and councillors will also be given basic information about the applicant to whom the unit was allocated (name, number of family members, etc.). The waiting list for municipal housing is drawn up after expert assessment by the social and housing committee, and the recommendations of this committee are authoritative for the mayor's decision-making process. Applicants are moved toward the top of the waiting list on the basis of various criteria that are precisely defined in the principles of management of municipal housing in this administrative division (e.g. date application submitted, applicant's social situation, etc.).

Remarks:

Respondents commended the efforts of this Bratislava administrative division to enhance transparency in the allocation of municipal housing. However some, like Antonín Eliáš, editor-in-chief of the magazine *OBEC a finance* (Czech Republic), think that the public information about allocation of municipal housing should include not only information about the new tenant, but also the reasons why this new tenant was chosen over other applicants. Vladimír Benč, analyst with the Slovak Foreign Policy Association, said that a public lottery would be a better, and mainly a more transparent, method of allocating municipal housing because the Petržalka measure still leaves room for a certain degree of non-transparency.

- Rules of disposal of immovable property in Bratislava – Staré Mesto

Features of the measure:

The Bratislava - Staré Mesto administrative division has begun implementation of the 'Rules of Disposal of Immovable Property'. The rules were published on the local government's website. These Rules set out the procedure for the sale or letting of flats, commercial units, structures, and land either owned by the administrative division or mandated to it for management by the city of Bratislava. They provide that the administrative division sells and lets the immovable property via transparent tender procedures. Immovable property can be sold or let in another manner only in exceptional instances that are precisely defined in the Rules. The Rules of Disposal of Immovable Property were approved along with the Rules of Management of Administrative Division Property, which govern the management of moveable and immovable property held by the administrative division as well as the property held by the local publicly funded organisations and trading companies established by the administrative division. A directive on the terms of letting administrative division property and the procedures for concluding leases was also approved.

Remarks:

This measure was widely praised by the assessment committee. The experts say that having and implementing rules for disposing of immovable property increases the likelihood of more

effective disposal of the property, increases revenues for the local government through the use of public tenders and auctions, and reduces corruption and clientelism.

According to Juraj Nemec, professor at the Matej Bel University in Banská Bystrica, the existence of transparent and publicly available rules for any type of economic activity engaged in by public authorities should not only serve as a positive example but as a fundamental standard of the management of public funds.

Mária Machová, project manager at Slovenská sporiteľňa, also thinks that laying down rules of disposal of municipal property is important, but only when the rules are objective and lead to more transparent disposal of the property. But she wonders, as does Silvia Kapášová, chief analyst at Slovak Rating Agency, why the administrative division is only just now adopting these rules. Vladimír Pirošík, lawyer, adviser for Transparency International Slovakia, and council member in Banská Bystrica also praised this measure, but points out that in the Czech Republic the use of public tenders in the transfer of the real property of administrative divisions is directly required by the Czech act on municipalities. So he asks, where do Slovak MPs stand on this?

- Rožňava sells building plots at auction

Features of the measure:

For the first time in its modern history, the city of Rožňava sold building plots at an auction held at the municipal office. Thirteen plots were offered with a reserve price of 1,100 crowns per square metre. Each bidder was only allowed to obtain one plot. The city council decided to auction off the plots and also determined the reserve price, which took into account the need to build utility lines in the area. The city intends to build the utility lines within fourteen months after a building permit has been issued.

Although there were fewer participants in the auction than the city had expected, city hall is committed to continue in the sale of property exclusively in this manner, in line with the management principles the city has adopted that require the sale of property only by way of tender procedures.

Remarks:

The assessment committee recognised the city's efforts to increase effectivity and transparency in the sale of its property, which can best be obtained through tendering procedures. According to Eugena Jurzyca, director of INEKO, the lack of transparency in the sale of property by municipalities and cities currently presents one of the best opportunities for the siphoning off of money. Auctions are a way of minimising the theft of public property.

Martin Šuster, finance officer at National Bank of Slovakia, also praised the measure, saying it would ensure the highest possible transparency in the sale of public property as well as equal conditions for all potential buyers. He thinks the measure should also be lauded in view of the public procurement act, which governs in detail how municipalities and cities (and other contracting authorities) can purchase property, goods, and services, whilst there is no legislation to govern the sale of this property.

- Šaľa saves millions through electronic auction

Features of the measure:

The city of Šaľa saved tens of millions of crowns in twenty minutes just by using an electronic auction. The city organised an invitation to tender for refuse removal but did not leave it at just a regular procedure where tenderers submit sealed bids – they organised a second round in the form of an electronic auction. The city had been paying nearly 26 million crowns for waste management services. Initial bids came in at 24 million, and in their efforts to outbid one another at auction, tenderers reduced the price to 17.1 million crowns. The city entered into an 11-year contract, which means the electronic auction will save the city around 80 million crowns over the current costs.

Incidentally, the winning bid was submitted by the same company that had been providing this service to the city, only now instead of twice per week they will be removing refuse three times per week. They will also provide separation of paper and metals.

Remarks:

The assessment committee found this measure to be exceptionally beneficial for the effective and transparent management of the municipality's property. According to the majority of experts on the committee, Šaľa is one example of how when the will is found, wastage and corruption can be curtailed.

According to Richard Drutarovský, an analyst and mediator from Prešov, the Šaľa story is positive and inspiring. He said that the electronic auction alone is not the reason a better price was obtained; it was the willingness of the city's leaders to act in a way that made sure the city would get a better price. And that, he thinks, is not a given in the Slovak environment.

Martin Šuster, finance officer at National Bank of Slovakia, also views the auction in a positive light, as auction is one of the most transparent and effective purchasing methods. He was surprised, however, by the contract term of 11 years. Refuse collection and separation is not a technology-intensive or costly activity, so in his opinion there was no good reason for such a long-term commitment and the city has tied the hands of at least the next two administrations that take over after elections.

- Púchov organises a public presentation on how it selected a construction contractor

Features of the measure:

After organising an electronic auction to select a contractor to build a recreational-educational centre, the city of Púchov organised a public presentation on the procurement procedure. The public presentation consisted in the recapitulation of all the public tendering procedures and a video recording of the electronic auction itself. The presentation was attended by the tenderers, the public, city council members, and others who were interested in the topic. The city wanted to show the public that a better price was obtained through the use of an electronic auction, and to emphasise the transparency and effectiveness of the entire process. The city intends to put on additional public presentations after other procurements are carried out via public auction.

Remarks:

The assessment committee gave high marks to this measure, saying it was an example to be followed by others. This approach helps to build a transparent procurement environment in the community that benefits the stakeholders, residents, the municipality, as well as the suppliers.

According to Róbert Kičina, *director of the Business Alliance of Slovakia*, transparency and effectiveness are the most basic rules under which public authorities should operate to prevent wastage of public funds and all the associated negative impacts, particularly low morale in the community.

Martin Šuster, finance officer at National Bank of Slovakia, also has a positive opinion of this measure and says that the first step of the entire procedure was the actual selection of one of the best methods of selecting a supplier. After that, he thinks that a presentation of the procedures and results is just icing on the cake. Apart from his praise of the measure, he sees three benefits in the presentation:

- 1) Potential future suppliers will see that the method is fair and fosters healthy competition. That improves the odds that companies offering suitable solutions will submit bids in the future, and encourages the participation of suppliers who dislike working with the public sector because they think the results are rigged.
- 2) Presentation of the procedures to citizens puts pressure on future administrations to use transparent and effective procedures.
- 3) It sets a good example that may motivate other cities and municipalities.

5. Other measures for cost-savings and effective use of public funds:

- Žilina uses the services of inmates

Features of the measure:

In Žilina, the municipal government and the district court agreed that convicted offenders may perform community service as an alternative to serving a prison sentence. The agreement concerns compulsory labour that allows certain convicted offenders to serve an alternative sentence, meaning that instead of serving prison time they would perform community service, such as cleaning and maintaining public spaces. Work is supervised by a responsible employee from the municipal office, and a probation and mediation officer will ensure that the sentence is served. The municipal government anticipates that convicted offenders will also perform other types of community service in the future, such as moving, sports arena maintenance, groundskeeping, or helping out in social service facilities. The municipality could give more sophisticated work to convicted offenders who hold a university degree. Community service in Slovakia was introduced early last year. The law only allows alternative sentencing for offences where the upper sentencing guidelines do not exceed five years.

Remarks:

This measure was viewed in a positive light by most of the experts. According to Laura Dittel, president of Karpatská nadácia, this is a positive move for Slovakia and this form of alternative sentencing is frequently used in other countries for its educational and rehabilitative dimension. She thinks it would be interesting to see, after a time, whether the opinion of the local public of convicted offenders will change after watching how this measure works. Dušan Sloboda said that because the public sector finances prisons, the use of community service in the sentencing of offenders is a good way to reduce the losses caused by criminal offences and the sentences served by the offenders. He also thinks the measure is a good way to allow the offenders to feel useful

and retain or gain work habits, making their re-integration into society easier. He also believes that any type of welfare provided by the state should be conditional on community service.

- Prievidza has programme budgeting

Features of the measure:

Council members in Prievidza approved the draft Programme Budget for the city for the years 2008 to 2010; the budget for 2008 is firm.

The Programme Budget can be called a system that searches for coherence between the budgetary sources and outputs (work results) of the city, allowing identification of the purpose of use of public funds and measurement of the city's performance in meeting the declared targets and aims. Expenditures in the Programme Budget are accompanied by clear, measurable objectives that any citizen can use to easily see what kind of services they are receiving from their city in return for paying taxes. The Programme Budget is divided into 17 different programmes representing the city's budget for a specific, cohesive area with a defined aim. Any citizen who is interested can download the budget from the city's website and peruse it.

Remarks:

Experts praised the Prievidza measure as it allows for greater citizen scrutiny of use of public funds, and because the city launched programme budgeting a full year earlier than required by law.

Juraj Gallo, finance clerk at the Žiar nad Hronom municipal office, thinks it is good that local governments are making the move to a modern system of financial management, as it allows them to offer more services and better services due to the more effective and more targeted allocation of resources.

Juraj Nemec, professor at the Matej Bel University in Banská Bystrica, said that the city's budget is relatively well-developed, with most items having real, measurable performance indicators. However, he thinks that only time will tell the degree to which the city can actually use the theoretical benefits of programming.

According to Tomáš Kramár, a civil society activist in the Czech Republic, programme budgeting is definitely a more effective and comprehensible way to manage public funds than the current static budgeting system that is based on abstractly defined sections and entries that are unintelligible and lead to wastage. He thinks that the next step should be to use the clarity of programme budgeting and add a participative aspect – let the citizens take part in forming the budget.

Description of some of the measures that received negative assessment:

1. Tax, fee, and penalty amnesties:

- Michalovce forgave penalties, but did not publish a list of debtors or amounts

Features of the measure:

Council members in Michalovce forgave penalties imposed on business operators for their rent arrears. The city will forgive fees and late interest if the principal balance is paid by 30 June 2008. The leaders of the local government did not disclose a list of these debtors, claiming they do not keep exact records of them. They also refrained from disclosing the amount that was forgiven. The head of the municipal authority justified the decision by saying they use all lawful possibilities for collecting debts, one of which is waiving the fees and interest on debt principal. At the end of December 2007, the city's books showed more than 50 million crowns in non-tax receivables. However, the city did not disclose how much of that represents penalties.

The city has been criticised for this by some of the opposition council members, NGOs, as well as by business operators who pay on a timely basis. They claim the city's decision can discourage those who conscientiously fulfil their obligations, and the city's failure to disclose a list of these business operators is in contravention of the freedom of information act. They are of the opinion that if the council members did not know who was on the list of debtors, or the amount the city was forgiving, and still voted in favour of the proposal, it shows the extent of their negligence and lack of interest in the city's prosperity and in the improvement of public property.

Remarks:

The assessment committee gave low marks to this measure. The majority of its members think that this step is not only out of model, but also distorts the fundamental rules of the game. Some respondents also believe it is against the law.

Vladimír Benč said he is firmly opposed to this type of 'general pardon', which in this case was granted under distinctly non-transparent conditions. These one-off initiatives go against the long functioning and valid boundaries, and because of this public authorities (such as the Social Security Agency) end up creating ripe conditions for dishonest individuals and self-interested opportunists. He thinks that if they are unable to meet their obligations, they should declare bankruptcy. He would understand it if the city were to order something else in lieu of the penalties and interest, such as public service, where the owners of the debtor companies would put in hours of public service to pay down their debt...

Jozef Čavojec, journalist at the SME newspaper, thinks that forgiving penalties or any other monetary fulfilment may erode the payment behaviour of non-payers and even of those who do meet their obligations, and the measure has a negative impact on society. Social cases could be an exception, but even those would have to be very narrowly defined. He thinks it is wrong for the city not to disclose a list of the debtors or the amounts that were forgiven, but he understands that it was not just up to the city. However, he did point out that if the city did not disclose the information pursuant to a request made under the freedom of information act, that could be an infringement of the right to information because it is public funds at issue here.

Michal Kaliňák also has a negative view of this measure, and he thinks that if a local government conceals from its citizens how it is managing taxes (including waivers of penalties), it shows two

things. It creates a suspicion of inequality in taxpayer treatment by the city as a tax authority, and it questions the concept of a budget, which must have accounted on both the revenue side and the expenditure side for this money that it was expecting which, as a result of this decision, will not be received.

2. Engaging in activity that does not fall within the competence of local government:

- Tornaľa signals interest in purchasing local factory

Features of the measure:

The city of Tornaľa expressed an interest in purchasing a local factory from Ozeta Neo, which is owned by the Penta Group. The city initially contemplated purchasing the factory and continuing production with a smaller staff, but this plan fell through. Then it declared its intent to purchase the factory without taking over the contracts or the workforce. The mayor did not rule out that the city would use the factory for production purposes in the automobile transport industry. The mayor did not respond to requests for information about the current status of the purchase.

Tornaľa is in the Revúca district, which has one of the highest unemployment rates in Slovakia. This July, the Central Office of Labour, Social Affairs and Family reported that 24.88 per cent of the people were out of work.

Remarks:

This measure garnered mostly negative responses from the respondents. While they acknowledged the efforts of the local government to save jobs, assessment committee members agreed that it is the role of the local government to contribute to the existence of job opportunities in the region by creating a suitable environment rather than by actively engaging in business activities.

Jiří Životský said that on one hand, he understands the city wanted to reduce unemployment, but he thinks that municipalities are meant to conduct public administration and not to undertake the operation of a business.

According to Dušan Sloboda, local governments should use the funds they obtain from citizens through local and shared taxes to finance primarily, and in particular, the competences conferred on them. They should not try to take over functions that are more effectively executed by the private sector. They should not try to conduct business, let alone purchase and attempt to save factories which, as in this case, are not evidently profitable, competitive, and have no demand for their products, and not even private investors have any interest in buying. Likewise, local governments should not attempt to purchase property, such as the factory in this case, which is not necessary to carry out their competences. The public sector, led by persons often with only short, four-year elected terms of responsibility, should leave the operation of businesses and the associated risks to the private sector where the liability in the event of failure is more personal, which leads to a greater sense of responsibility for decision-making. In the case of Tornaľa, the local government might have temporarily 'saved' a certain number of jobs in a region where jobs are scarce, but ultimately the cost of one saved job would have been far too high and the citizens would have paid the price.

- The Banská Bystrica region wants its own television station

Features of the measure:

Milan Murgaš, president of the Banská Bystrica Administrative Region, has decided to create a new regional television station. The apparent reason is a lack of media objectivity. Council members approved the proposal with a strong majority.

Opponents of the measure do not believe that creating a new regional television station to present a positive image is the right approach. They point to the fact that there are already two regional television stations situated directly in Banská Bystrica. The president claims that the television station will not be under political management as it will be a joint-stock company. For now, it is wholly owned by the administrative region, with funding to be obtained from public sources, private investors, and from advertising revenue.

Remarks:

The assessment committee gave this measure very low marks. The overwhelming majority of committee members agreed that it is a bad move, as experience elsewhere in Slovakia has shown that regional and local television stations are all too frequently under too much control of the local government that created and partially funds them.

Zuzana Wienk said that running a television station is a costly affair. She thinks there is an abundance of community devices that can be used by political representation and public institutions. She does not believe it is beneficial to the development of democracy and the media environment when public authorities create and run media outlets. In her opinion, there is a high risk of political abuse of the media, clientelism, ineffective management, and non-compliance with the principles of ethical journalism, and no measures are available that would eliminate these problems. The role of the local government could be to foster an environment and create the conditions necessary for a strong, professional, and independent municipal environment in the media.

Marek Rybář also thinks this plan is pointless and costly. He believes that if the region wants better awareness of its own activities, it could achieve that through existing television stations or via other methods of dispersing information rather than by funding its own television station. His objective observations of local government-owned media only reinforce his conclusion that the important objective of these media outlets is not to inform, but to portray the activities of elected officials in the local government in a positive light, often non-verbally.

Vladimír Pirošík shares that opinion and thinks it poses a twofold pitfall. On the one hand, there is an objective lack of information about the functioning of the Banská Bystrica Administrative Region, and administrative regions in Slovakia in general. On the other, the creation of their 'own', and therefore by definition 'dependent', television station is the worst possible solution.

3. Non-transparent management, unfavourable property transactions, public procurement:

- In Lučenec the station platform was sold without a tender procedure

Features of the measure:

Members of the Lučenec city council approved the sale of the bus station platform area without a tender procedure and, according to opponents, below market price. The new owner will be Slovenská autobusová doprava in Lučenec, whose bid to the city to purchase the land, on which buildings are also situated, was 6.3 million crowns. According to an expert valuation, the property is worth 28 million crowns. Another company also expressed interest in buying the platform, but council members did not review that bid.

The councillors pushing for a direct sale cited public interest as the reason. Opponents of the sale argued that while it is in the public interest to sell the station, there is no reason to sell it below market price and without a tender procedure.

Remarks:

Members of the assessment committee gave this measure low marks. Silvia Kapášová thinks it is sad that the council members are not concerned with maximising, nor do they even strive to maximise the price at which public property is sold, all the while defending their actions as being in the public interest. She does not believe that just any sale of property is in the public interest. The sale must be at a price that will most benefit the city and the public budget. Unless there are other reasons for a sale, such as renovation and retention of the functionality of a building, then typically the only criterion for selecting the winning bid is price. She believes that this case is an example of non-transparent disposal of public property and a very low level of responsibility of the council to the citizens.

Richard Drutarovský also thinks that the decision of the Lučenec council members strengthens the opinion that municipal property should only be sold through public tender procedures. He recognises that sometimes council members decide on a direct sale legitimately to take account of complicated circumstances, but he thinks that in any case the decision-making should be transparent. He believes that citing 'public interest' without any specifics is a weak argument that does not stand up in any direct sale. In every specific case, the expression 'public interest' must have its own specific substance. And if the public interest in any given situation has its own specific substance, there should be no problem with speaking openly about it and finding a buyer through a tender procedure who can satisfy the substance and still pay the best price. In the absence of that, no local government can ever ensure that it will not undersell property.

Ivan Rončák is also of the opinion that a transparent tender procedure always generates the highest price and that any specific use of the property can be laid down in the terms of the tender procedure.

- In Rimavská Sobota the municipal woodlands were let to the second highest bidder

Features of the measure:

The Rimavská Sobota city council voted by secret ballot to let the municipal woodlands to the company that submitted the second highest bid; however, the conditions of the tender procedure defined price as the deciding factor. The company that won the lease will pay the city 5.5 million crowns annually, whereas the best offer would have paid 7.3 million crowns. Several media outlets questioned the council as to why the highest bid did not win, but no one offered any explanation. Even the mayor sharply criticised the council's decision, but he ultimately signed it.

Remarks:

With a few exceptions, the actions of the mayor and the city council were viewed negatively by the respondents. Although many recognised that the highest bid is not necessarily the most suitable one, the fact that the selection was poorly justified and poorly communicated to the public received low marks.

According to Eugen Jurzyca, in economics the 'winner's curse' effect may be a reason why it could be effective to award a contract to the second highest bid, because the winner often overestimates the intrinsic value. But if a public authority wishes to take advantage of this effect it should announce this intention before the tender procedure and not afterwards, when it learns who came in second.

Richard Drutarovský said that the councillors' decision should serve as a memento for those who elected them. In his opinion, suspected mass corruption will discourage many good prospects from working with the local government in Rimavská Sobota in the future and diminish the range of favourable opportunities from the private sector, and as a result the citizens will be the ones who suffer by having an impoverished local government or excessively high taxes.

Vladimír Pirošík believes that, unfortunately, Rimavská Sobota is far from being alone in this. He thinks the biggest problem is that Slovak legislation governing disposal of the property of local governments (in particular Act No 138/1991 on municipal property) is exceptionally 'liberal'. In other words, if a local government lets or even sells, for instance, half of its entire territory for, say, one crown, it is considered legal. He again points to the fact that in the neighbouring Czech Republic, for instance, the public tender methods for transferring the property of local governments are actually based on the rules arising directly from the Czech act on municipalities. In conclusion he asks, where do Slovak MPs stand on this?

Martin Šuster can also imagine the reasons for which the second highest bid could be the winning bid (for example if the entity submitting the highest bid does not meet certain criteria for participation in the tender), but he believes that the city should very clearly explain these reasons to its citizens and to the public. He thinks that transparency in the disposal of public resources is particularly important at the municipal level, where frequently there is not as much surveillance by the opposition, NGOs, or the media.

- Tatra council sells land in non-transparent manner

Features of the measure:

The city council in Vysoké Tatry approved the sale of a building plot in Tatranská Lomnica to a local business operator for half the price offered by a competing bidder (2500 crowns vs. 5000 crowns/m²). The councillors caused the city's coffers to become lighter by several million crowns. The sale to the lower bidder was approved despite the fact that the council's finance committee had earlier sought seven thousand crowns for the land. The mayor signed the resolution, although he did not have to do so because of the evident disadvantage to the city.

Councillors later cancelled the sale of the land. However, they could only back out of the transaction with the consent of the buyer, who gave consent on the condition that he be allowed to purchase a different plot in Tatranská Lomnica for a price of SKK 900 per square metre less than the original transaction. Once again, it is unclear whether this land sale is favourable for the municipality since it is unknown if that is the market price.

Remarks:

Members of the assessment committee definitely view this measure in a negative light. They think that the winners of local elections often treat the land in their municipality not as property they should be improving, but as spoils to be divvied up amongst themselves.

According to Vladimír Pirošík, it is a Slovak phenomenon to undersell land. The situation has gone so far that it is time to think about amending the legislation to transform the existing principle, according to which the sole criterion of price is a matter of agreement between the local government and the buyer, and that price may or may not be the market price, into a rule that requires the sale price to be the market price and the only exceptions to that rule would be specifically spelled out.

Marek Rybář, political scientist at the Comenius University School of Arts in Bratislava, said that media reports indicated the council was motivated by the support of local residents (business operators), but he considers this form of support as bordering on wastage of public funds. There is no way to prevent a subsequent sale of the land, but mainly that type of support has nothing to do with pursuing a public interest objective. In his opinion this is unjustified preferential treatment of selected persons that is causing the municipality to lose considerable money it could have used for its own development.

- Hlboké nad Váhom has no rules for financial management

Features of the measure:

In Hlboké nad Váhom, taxpayer money is being mismanaged. For instance, last year the mayor sold the municipal car and purchased a new one even though the council members had not approved it. The expense limits set by the municipal budget are commonly exceeded without the approval of the council in other purchases as well. The act on municipal property requires every municipality to have an approved set of financial management rules that should indicate the amount of public funds at the mayor's disposal without the approval of the city council. No such rules are in place yet in Hlboké nad Váhom even though the municipal controller drafted the rules months ago, but there is no specific penalty that could be imposed on the municipality for this illegal situation.

Remarks:

Respondents had strictly negative views of this measure, finding it to be a fail not only on the part of the local government but also on the part of the state – a state that is incapable of drafting and subsequently enforcing lawfulness in the politics of local government. Silvia Ručinská and Martin Vernarský of the Faculty of Public Administration at Pavol Jozef Šafárik University in Košice think that even though it may be inferred from the act on municipal property that every municipality should have approved financial management principles, failure to comply with this obligation is not punishable. That is because the municipality is not accountable to the state for the management of its own property, and it remains up to each municipality whether or not to implement such principles. Practice has shown that numerous municipalities do not implement principles of financial management. The municipal council cannot be compelled to accept the principles drafted by the controller. However, it is important to mention the opinion of the Constitutional Court of the Slovak Republic, which in a similar case, number III. US 389/08, considered that all acts constituting a disposal of property must be subject to approval by the municipal or city council any time when the municipality or city have no financial management principles in place. The case in Hlboké nad Váhom is similar and therefore it should hold true that

any disposal of the municipality's property should be approved beforehand by the council. That, together with the information that the council members did not approve the mayor's sale of the municipality's property, makes it clear that the sale is a null and void transaction according to § 39 of the Civil Code.

- Public property in Nitra sold without a tender procedure

Features of the measure:

Only days before the new act on municipal property came into force, members of the Nitra city council approved the sale of several buildings in the city centre without a tender procedure. The council also approved the exchange of an important cultural monument (which is under a lease under which the city receives regularly monthly rent payments) for a former electric substation owned by a private business operator, who is to pay an additional 500,000 euros for the monument. However, several estate agents have said that the value of the renovated monument in the city centre is substantially higher, as is the value of the property the council members agreed to sell without a tender procedure.

Remarks:

Respondents had sharply negative views of this measure, and it more than likely points to a corrupt environment in the Nitra Administrative Region, including political graft on the council.

According to Martin Šuster, finance officer at National Bank of Slovakia (NBS), the city should act responsibly and with transparency in the management of property regardless of when the law came into force. The sale without a tender procedure raises doubts about motives and effectiveness, no matter the terms and conditions of the transaction. Any suspicion that the city undersold the property cannot be confirmed or disproved, but when a tender procedure is used the best bid is automatically selected. An aggravating circumstance is that the sale involved a cultural monument, and in the hands of a private owner its preservation is less certain than it would be if it were owned by the local government.

Dušan Sloboda said that it is wasteful and non-transparent when a local government sells property without a tender procedure, as it reduces potential gains from the sale and impoverishes the budget. He thinks the Nitra government has provided an exemplary case of how local governments steal from their citizens. The city's coffers will never see the money the city could have earned by selling its property via a tender procedure (such as an electronic auction) at market prices, and in the end the local government will either have to raise local taxes or forget about many investments that could have served the public. It is absurd that local governments in Slovakia seek more and more funding from the state, claiming they are in need at a time of crisis, when it is obvious that very often they handle the funds they already have in a manner that is worse than how a thief might squander his loot. The behaviour of many local governments in Slovakia only confirms they have no moral entitlement to any additional tax revenues from the state budget until they put their own houses in order and start using our taxes responsibly and fairly.

Jozef Čavojec also believes it was to be expected that some cities and municipalities would rush to sell property. The amended act on municipal property may be good, but it does not prevent the non-transparent sale of municipal property. Councils can make exceptions in cases meriting special consideration, and in his opinion the fact that two-thirds of the councillors present must vote in favour of a direct sale is not an adequate guarantee.

- The Rača city council approved extension of a lease for municipal premises for a company owned by the mayor, without a tender procedure

Features of the measure:

Members of the Bratislava-Rača city council approved an extension of a property lease for a company owned by the mayor of Rača. What is more, according to the commercial register his wife, a member of the local council, was managing director of that company at the time the lease was approved.

The company secured its tenure on premises in the local medical centre for another ten years. The mayor and his wife argue that the company has been leasing the premises since 1996, when it was approved by the previous mayor, and they pay the same rent as the other tenants. The mayor's wife also said that although at the time of the application for extension she was managing director of the company, she no longer is.

Critics of the measure mainly condemn the unethical conduct of the mayor and his wife, particularly the fact that the lease was extended without a public tender procedure. They believe the conduct of both of them is a breach of public policy, because as representatives of the municipality they supported the letting of municipal premises to themselves.

Remarks:

Respondents had a significantly negative view of this measure, in particular because there was no tender procedure that could have generated a better price. They believe this shows that the local government is not always interested in solutions that are the most effective for the administrative division.

Antonín Eliáš said that this method of property letting is not at all credible, and he thinks critics of the measure are right in using the arguments they cited. Even though the lease is not a new one, and it is in line with customary prices, the standing of the mayor and his wife should have been reason enough to issue a clear, transparent tender procedure.

Political scientist Ivan Rončák thinks it is wrong that no tender procedure took place and that no one else was given an opportunity. And no one else could have offered more. The local government did not conduct itself as a prudent economic operator.