

Reconstruction Diary – March 2014

Dear Madam, Dear Sir,

A year has passed since the official initiation of the “Reconstruction of the State” campaign. The bills which we promoted are now in the hands of the government and parliament. Whether these measures will make a difference and help the Czech Republic will be decided by seemingly small details. That is why we would like to give you the opportunity to influence this process by providing you with key information.

We hope that this regular summary will offer you useful information, as well as disperse various rumors, myths, and misunderstandings.

News Bulletin:

- § Prime minister Sobotka endorsed the “The end of advantages in state firms”. I.e. a nomination committee for the supervisory boards of state-owned enterprises.
- § The government discussed a legislative plan today, under which all the reconstructive bills will be ready later this year.
- § MPs in committees have criticized the bill on the Registry of Contracts and the NKÚ (Nejvyšší kontrolní úřad – Supreme Audit Office), and have postponed their consideration.
- § The head of the Union of Towns and Municipalities urged Deputies to reject both bills with repeated use of misleading arguments.
- § The bill on civil servants returned to the stage of legislative intent, and is being developed by the coalition.
- § We discovered that Tomáš Baťa, founder of Baťa Shoes company and a mayor of Zlín, was the first promoter of the publication of contracts with the city.
- § A professional seminar regarding the Registry of Contracts was held on Tuesday, which featured both its critics, as well as, for example, a Slovak Mayor who has direct experience with a similar law.

In Preparation:

- § Today, our campaign celebrates one year since its official launch. We’ve come a long way, but only few bills were passed so far.
- § On Thursday, 13th of March, a professional seminar will be held on changes in the legislative process.
- § We are preparing a website with evaluations of the votes of politicians, and other public events.

This week our campaign turns one year old – would you like to give her a gift? Any [amount](#) helps.

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News in detail:

MPs in committees have criticized and postponed consideration of all four bills.

Two weeks ago, meetings devoted to these four bills were held by several Deputy committees. We took part in these meetings, here is a brief status of the negotiations:

§ Extension of the Powers of SAO

The first reading of a draft amendment of the constitution, which extends the independent control of the municipalities and state-owned companies, was passed at an extraordinary meeting held by the Chamber of Deputies in January. The main criticism of the proposal was that it is not strict enough on the control of municipalities, and that it „piecemeals“ constitutional amendments. (More on this comment [here](#) and [here](#), links in Czech) ANO and KDU-ČSL both stated that they try to „tighten up“ the proposal. Let us recall that the past Parliament gave the amendments 177 out of 200 votes, but it was rejected by the Senate. Senators usually claim that they do not intend on changing their stance.

The debate is now stranded on the issues of how it should be formulated and whether the SAO should control the municipalities. The control of municipalities by the SAO was opposed by the Union of Cities and Towns (SMO ČR), as well as a majority of the present Deputies and senators (often communal politicians, e.g. senator Kubera). The SAO's control of municipalities is more of a preventive measure and only concerns specific suspected cases – which might fall on the average village once in 100 years. You can find the opinion of Reconstruction of the State and other new material [here](#) (link in Czech).

Stupčuk (ČSSD – Czech Social Democrats), the vice-chairman of the parliamentary group, presented an amendment to the Audit Committee, which has a more general formulation of amendments to the constitution and does not contain an exception for municipalities in the sense that they should only be controlled regarding their compliance with the law (and not the efficiency or effectivity of the spending of public money). This was an issue for the senators in the previous vote. However, Deputy Stupčuk pledged at the committee that he, as the vice-chairman of the ČSSD parliamentary group, will seek support for his version of the constitutional amendments. We will see if this approach will lead to a real result. The wait is now on the supporting bill, which needs to be completed and submitted, and will result in a specific debate regarding the scope of the controls.

§ Publication of Contracts on the Internet

The Lower House is currently working with a proposal by the Deputy Farský, and is supported by Deputies from TOP09, ANO, and KDU-ČSL. Other Deputies - mainly ODS and ČSSD – are repeating their strategy from the previous House, which demanded more and more analysis and described the proposal as incomplete.

Dan Jiránek (ODS), the head of the Union of Cities and Towns, has again become the most vocal critic of the proposed measures. His statements contain systematically misleading information. Some of these are described by Jiří Boudal in his [blog](#). Petr Gazdík, the chairman of STAN, also [opposed](#) the arguments presented by SMO ČR.

The dispute mainly concerns two issues; whether the validity of contracts should be conditioned by their disclosure, and whether it should apply to all contracts with a few exceptions.

Another vocal [critic](#) of the bill is Jan Chvojka (ČSSD). We met him after a series of attempts, and responded to the criticisms which he has collected. As Lukáš Jelínek, a political scientist, has [stated](#): ČSSD unnecessarily calls their attitude on corruption and cronyism into question.

A number of Czech mayors publish their contracts and consider it to be positive. see article in [Deník](#).

Members of the Audit Committee (Kontrolní komise) may propose amendments until the 26th of March, and should be discussed by the committees in mid-April.

A seminar regarding the proposal took place on the 11th of march in the Lower House, where some critics from the ranks of the mayors admitted that they have misinterpreted parts of the bill, whilst the proponents of the bills are considering that certain accounts should be explicit, and not need to rely on judicial precedents.

“The end of advantages in state firms“ within reach

Prime Minister Bohuslav Sobotka announced that nominations to the supervisory boards of even partially state-owned companies should be monitored by an [independent committee](#).

The Minister Jiří Dienstbier prepared a regulation under which the appointment of members of management and supervisory boards would be overseen by a three member committee, if the Minister would ignore the recommendation of the committee, he would have to explain his decision. Reconstruction of the State recommended that the regulation should be more “durable“ law, and that the Minister would have to justify his decision in written form and publically. See article in [Hospodářské Noviny](#).

The law on nominational committees is in the government’s legislative program for 2014.

Law on Civil Servants back to starting point

The law, which was proposed in January due to the condition of the President Miloš Zeman, has returned to the stage of legislative intent. The coalition has set five weeks for its reform. (More on the subject; [appearance of David Ondráčka](#) on ‚Otázky Václava Moravce‘ or [blog by Vladimíra Dvořáková](#)). Reconstruction of the State warns that this measure should not be ‚slapdashed‘, and that the implementation of the law must be clear, and the costs of the changes must be quantified.

Transparent legislative process without ‚Riders‘

Amendments procedural rules – laws without unrelated supplements and a transparent legislative process – was read at the January meeting of the House. MPs of ANO have considered amendments that would limit the length of MP’s speech in the House. This is not very related to the original proposal and may block the negotiations.

What is Next?

We are preparing professional seminars for MPs in April. A seminar on the Registry of Contracts took place on Tuesday, 11th of March, and another seminar on the legislative process was held on Thursday, 13th of March. We are also preparing a public screening – if you are an owner of a facade in Prague, please contact us.

In February, we met with the representatives of the Association of small and medium businesses and other commercial chambers, which support the bill. Together, we plan on organizing seminars for entrepreneurs who are not afraid of transparency.

Read More:

Anti-corruption rules did not slow public contracts – [study](#) by Jiří Skruhovec, Center for Applied Economics (zIndex)

The government is considering increasing the limit for government [procurements](#) without a public tender.

The European Parliament [approved](#) the end of anonymous companies and restricted tax havens. Will this help the efforts of the Czech Minister of Justice?

New materials on the [Most Beautiful Law extending the powers of the SAO](#).