

**European Polytechnic Institute Ltd., Kunovice**

**Branch of Study: Finance And Tax**

**Comparison of the Financing of the Administration of Road  
Transport in Particular Regions**

(Bachelor Thesis)

Author: Daniela Dušáková, DiS.

Supervisor: Mgr. Dagmar Malinová

Kunovice, January 2011

**European Polytechnic Institute, Ltd. in Kunovice**  
academic year 2009/2010

## **ASSIGNMENT OF BACHELOR THESIS**

Name and Surname: **Daniela Dušáková, DiS.**  
Branch of study: **Finance and Tax**

### **Topic of the thesis:**

### **Comparison Of Financing The Administration Of Road Transport In Particular Regions**

#### **Aim of the thesis:**

Aim of the thesis is to analyse financing the administration of road transport in particular regions, to analyse the technique of data collecting and processing. Explain the basic terminology and legal regulations of terms connected with road transport. Make a survey of financing particular administrations of regions in the Czech Republic. Suggest ways of streamlining of the financing system of road transport administration. Defend your proposal before the management of Municipal Office, Department of Transport, Rožnov p.Radh. Evaluation will be enclosed to the thesis.

#### **Outline:**

1. Introduction
2. Theoretic part
  - 2.1 Definition of transport
  - 2.2 Legal regulations of road transport
  - 2.3 Characteristics of road transport
  - 2.4 Position of roads' proprietor
  - 2.5 Systematization in financing of regions in the Czech Republic
  - 2.6 Roads in facts and numbers in particular regions of the Czech Republic
3. Practical part
  - 3.1 Survey
  - 3.2 Research file
  - 3.3 Technique of data collecting and processing
  - 3.4 Results of the survey
  - 3.5 Interpretation of the proven data
4. Conclusion

According to the Law no 111/1998 Col., §47b, par. 3 the author of the thesis agrees with publicizing of the thesis regardless of the result of its defence.

Supervisor: **Mgr. Dagmar Malinová**  
Date of assignment: **Kunovice, 30th April 2010**

**Ing. Vladimíra Hlaváčková**  
Manager of Economics and Business Department  
MBA

**Oldřich Kratochvíl**  
h. prof., ing., Ph.D., Dr.h.c.,  
vice-chancellor

I declare that I have prepared this Bachelor Thesis by myself under the supervision of Mgr. Dagmar Malinová, and all literary and technical sources that I have used are cited in the Bibliography.

Kunovice, January 2011

*handwritten signature of the author*

I would like to thank Mgr. Dagmar Malinova for the very useful methodical help, which she offered to me during the preparation of this Bachelor Thesis. I am also deeply indebted to the Economic Department of Road Administration Office in the Moravian-Silesian Region, especially to Ing. Schenk and Ing. Maria Kuncikova from the Management of Roads in the Zlin Region for all materials they provided to me and their help during tuitions.

Kunovice, January 2011

Daniela Dušáková, DiS.

## TABLE OF CONTENTS:

INTRODUCTION .....	6
1 Definition of the subject of survey .....	7
1. Characteristics of a communication over land .....	7
1.2 Basic Classification of Road .....	8
1.3 Legal Regulations.....	11
1.3.1 Public Administration.....	12
1.3.2 State Supervision .....	13
1.4 Authorities of Road Administration.....	14
1.4.1 Ministry Of Transport.....	14
1.4.2 Regional Authority .....	15
1.4.3 Municipal Offices With Extended Scope .....	16
1.4.4 Municipalities .....	16
2 Financing Of Road Administration.....	18
2.1 Transport Policy .....	18
2. 2 Position Of Roads’ Proprietor.....	19
2.3 Financing Sources Of Road Administration in the Czech Republic.....	20
2.4 Use Of Financial Sources In Zlin and Moravian-Silesian Region.....	23
3. METHODOLOGY OF RESEARCH .....	37
3.1 Survey .....	37
3.2 Survey File .....	37
3.3 Technique Of Data Collecting And Processing .....	38
3.5 Interpretation Of The Proven Data.....	40
CONCLUSION.....	42
ABSTRAKT .....	44
BIBLIOGRAPHY.....	45
LIST OF TABLES .....	48
LIST OF GRAPHS .....	48
LIST OF DIAGRAMS.....	48
SUPPLEMENTS: .....	49

# INTRODUCTION

The topic of my Bachelor Thesis that I have chosen affects directly or indirectly all of us by its meaning: which is transport, mainly road transport. Many publicly discussed issues are closely connected with road transport, the most flexible means of transport of both passengers and goods. I have focused my thesis on the sphere of the financing of the administration of roads, because this field is by its character close to me, due to my profession of the officer in charge of road economy in the Municipal Office in Rožnov p.R.

The thesis itself is conceived to provide an impartial preview to the issues of the financing of the administration of roads in particular regions in the Czech Republic. Therefore it was necessary to deal with the theoretical findings, to which the very first chapter is devoted. It denotes the characteristics of road transport and their basic classification. In addition, the first chapter deals with legislation including a list of key legal regulations connected with road transport. Moreover, in this chapter there I explain the terms of state control and public administration, which contributes to an understanding of the basic terminology. Within the context of this I describe the operation of individual authorities affected by the administration of road transport at all levels.

The second chapter focuses on the field of transport economy, in which transport policy plays the main role, as it is a state instrument for effective financing of the road transport administration. I deal in more details with individual incomes of funds not just from the resources of the Czech Republic, concentrated mainly in the State fund of transport infrastructure; but also drawing the financial support from the EU funds. The analysis and comparison of actual expenses spent on road transport administration in particular regions is the starting point for the survey itself.

The third chapter is devoted to implementation of the survey using the method of qualitative analysis with the aim of comparing the process of gaining, distributing and using of financial funds intended for administration and maintenance of roads in particular regions. The primary source of data was in addition to the analysis of statistical figures recorded by relevant state authorities also the information gained from interviews with the specialised public. Conclusions from the interviews were drawn from the resulting interpretation.

# 1 Definition of the subject of survey

## 1. Characteristics of a communication over land

Transport can be defined as an essential part of today's life, which has a rising importance. The functionality, condition and quality of transport reflect the overall economic situation. It can be divided into three main parts – land (railway, road, inland water and tube), sea (marine) and air. In the past few years transport has experienced a huge development. Besides positive phenomena connected, for example, with increased mobility and rising number of job offers, also negative features appear, which bring with them harmful emissions, noise, vibrations, air pollution, water pollution, soil pollution, which together significantly contributes to environmental contamination and it also corrupts ecological stability of landscape. The most widespread is road transport, which has the greatest negative consequences on the condition of the environment, because its expansion is increasing all the time.

All means of transport have their place on the transport market. The most common division of transport is due to the place where its way occurs, whether land, air or water transport.

Transport system	Means of transport	Types
Road transport	Road vehicles	Motor, towed
Rail transport	Rail wheel vehicles	Tractive, towed, special
Air transport	Aeroplanes	Spacecrafts, blimps
Water transport	Watercrafts	Ships, boss, tugboats
Urban mass transport	Vehicles of UMT	Busses, trolleys, trams, underground
Other	Unconventional vehicles	Lift, stairs, cableway

Tab. 1: Used vehicles for individual system of transport  
Source: Personal processing

Road transport accomplished on roads forms the most extensive and one of the most important parts of infrastructure of the Czech Republic. A road, as an elementary conception of this work, is traffic road intended to be used by road and other vehicles and pedestrians, inclusive slid machinery necessary for ensuring hereof use and its safeness. It can be a building, which is according to current Czech legal regulations an independent immovable thing that is not incorporated in the real estate register, or it can be a piece of land or its part (typical for purpose communications). Roads are further subdivided into motorways, roads, local roads and purpose communications. The above mentioned division has not got an objective character, because it serves as guidance for decision of road administration office about enlistment of a road into one of categories, but also about what a road is. In last few years a strong growth of transport on roads has continued and some problems connected with broadening of road and motorway networks have arisen. Likewise costs on running, repairs and maintenance have increased.

## **1.2 Basic Classification of Road**

Law No. 13/1997 Col., about roads edits categorization of roads, their construction, conditions of usage and their protection, further edits discretions and duties of road proprietors and performance of public administration in the affairs of roads by appropriate road administration. Basic record of roads is technical record keeper that is kept by their proprietors. Range and way of recording the technical record keeper of roads is determined by the proprietor.

Roads are put into particular category by decision of road administration namely on the basis its determination, traffic meaning and building and technical equipment.

Everything, what isn't registered to the category under this code or according to the law no. 135/1961 Sb., and is after appreciation of road administration a road, coincides to the category of purpose roads without enlistment. At determination of road or change of traffic meaning it is possible decision road construction authorities to change the category of road, or to completely set aside the road from the category, whereby it will be a purpose road or a piece of land for other determination. At ranging and reversing are crucial also proprietary terms, because by the enlistment specific discretions and duties rise t the proprietor.



In the Czech Republic according to its determination, traffic meaning and technical equipment it is classified into category:

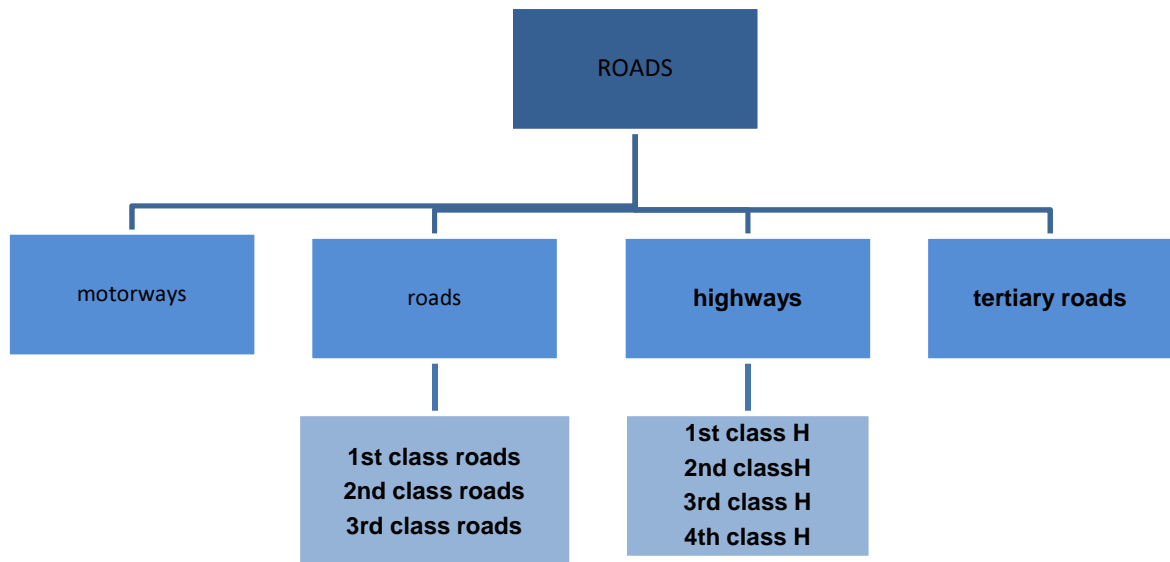


Diagram no. 1: Division of roads

Source: Self processing

## Motorway

Motorway is a road intended for fast remote and foreign transport by road motor vehicles that is built without level crossing, with separate places of highway approaches for entrance and exit; and which has directive separate mounted strips.<sup>1</sup> Motorway can be used only by road motor vehicles.

Motorway can be defined as the highest type of road that is built on the busiest remote intrastate and international ways. Czech motorways are managed by the Management of Roads and Motorways.

---

<sup>1</sup> 13/1997 Zákon o pozemních komunikacích § 4 odst. 1

## **Road**

Road is publicly accessible way marked out for use by road and other vehicles and pedestrians.<sup>2</sup>

Roads according to their determination traffic meaning are divided to the these classes:

- a) 1<sup>st</sup> class road, intended especially for remote and foreign transport.
- b) 2<sup>nd</sup> class road, intended for transport among districts, or their connection to other ways.
- c) 3<sup>rd</sup> class road, intended to mutual connection of municipalities or their connection to other ways.

## **Highway**

Highway is publicly accessible way that serves largely for local traffic on municipal territory.<sup>3</sup> These communications have often character of a street, a quay, a square, a parking lot, etc .

Highways are divided according to their traffic meaning, determination and building technical equipment to the classes:

- a) 1<sup>st</sup> class local roads, which are mainly high - speed roads
- b) 2<sup>nd</sup> class roads, which are traffic significant collective communications with limitation of direct interface of neighbouring real properties
- c) 3<sup>rd</sup> class local roads, which are service roads
- d) 4<sup>th</sup> class roads, which are communications inaccessible for running of road motor vehicles.

## **Tertiary road**

Tertiary road is a way that serves to connection of single real properties for needs of the proprietors of these real properties or to connection of these real properties with other ways or to maintenance of agricultural and wood lands.<sup>4</sup> Tertiary road is also way that is in hatch and serves towards need of proprietor or operator of an object. Tertiary road

---

<sup>2</sup> 13/1997 Zákon o pozemních komunikacích, § 5 odst. 1

<sup>3</sup> 13/1997 Zákon o pozemních komunikacích § 6 odst. 1

<sup>4</sup> 13/1997 Law about roads §7 par.1

can be divided in publicly accessible, which have in some regards analogous regime like highway or road, and publicly inaccessible. Enclosure of a tertiary road can be, for example, a wall, fence, typically a table that provides information. Appropriate road administration decides, whether it is a hatch or not.

Proprietor of tertiary road cannot alone prevent its public use, on his proposal a municipal office is able to adjust or limit public access upon this road. Tertiary road is then a road that no road administration filed to a higher category, as is highway, road or motorway. Its unqualified enclosure, or placing stand-by obstacle is solved as administrative delinquency, behind that it is of compassionate sanction.

## **Pavement**

What is a pavement, law unfortunately undefines. However, generally we can say, that a pavement is a part of way that serves pedestrians. Pavement as a rule is often a highway, eventually thoroughfares, in built - up parts of municipalities, namely either on one or both sides. Sometimes also footpaths in blank landscapes are regarded to be pavements. Pavement is often referred to as the 4<sup>th</sup> class highway that is intended to no motor vehicles.

## **1.3 Legal Regulations**

Law at the section of road administration is law that is ranged among public law, with definite falls on private law. On the part of production of derived enactment, as are e.g. territorial self - rule units, is an important provision of art. 2 par. 3 Paper of basic rights and freedoms. According to hereof provision everyone is allowed to do, what isn't requested and banned by law and nobody can be forced to do, what is not set in law.

Law No. 13/1997 Col. about roads as amended sets the categorization of roads, their construction, conditions of usage and their protection, discretions and duties of proprietors of roads and their users and achievement of state administration in the affairs of roads.<sup>5</sup>

---

<sup>5</sup> §1 Law 13/1997 Col. about roads

Basic adjustment of roads is also included in public notice of the Ministry of Transport in the Czech Republic implemented by the Law no. 104/1997 Col. Also other laws and regulation are connected with the law about roads, which alter technical conditions of operation of road vehicles, orientation, safety and fluency of operation on roads. On the first place it is the Law 500/2004 Col., Administrative order as amended that edits administrative procedure which is not modified by the Law about roads. This law solves the procedure of administrative delinquencies according to the Law about roads. Another one is the Law 361/2000 Col., about operation on roads as amended.

### **1.3.1 Public Administration**

Administration is type of activity of the state realized mainly by state authorities and authorities, at which state transferred performance of administration. On single sections of administration performance there functions the so - called central organs of state administration, namely ministries, in whose leading position is member of government, and next central organs of state administration. Municipality is the lowest level of state administration. In state administration there apply terms of subordination and superiority - hierarchical setting<sup>6</sup>. Czech public more and more attentively traces efficiency and quality of administration.

State administration we can define as public administration that is accomplished by state (government, ministry, central authorities) whereas in every society that is systematized in the state, state administration is part of public administration. In this sense the state administration is nucleus of public administration. It is derived from essence itself, position and mission of the state, from essence and ways of realization of state power. The conception of state administration is used both in the so called organisational conception, where the organs of state administration understand it, and in the so called functional conception, when it is practically the performance of state administration as the performance of under law prescriptive activities of these organs.<sup>7</sup>

As it was remarked above the state administration in the affairs of motorway, road, highway and public tertiary roads done by road administrative authorities, namely Ministry

---

<sup>6</sup> [svs.institutpraha.cz](http://svs.institutpraha.cz), 9<sup>th</sup> Sept. 2009

<sup>7</sup> [www.ptejteseknihovny.cz](http://www.ptejteseknihovny.cz), 9<sup>th</sup> November 2009

of Transport (motorway), regional office (1<sup>st</sup> class roads) and municipal office with extended scope (2<sup>nd</sup> and 3<sup>rd</sup> class roads) and municipality (highways) as mentioned in § 40 Law about roads.

### 1.3.2 State Supervision

State supervision is lawful activity of administration, at which supervisory body traces behaviour of unsubordinated subjects in the affairs of their specialty action, e.g. whether is their activity conformable with legal regulations, eventually with next acts published under the rule of law.

Law uses a whole range of conceptions for the term of supervision (sight, inspection, verification and supervision itself). From time aspects we can recognize continuous supervision, following supervision and preliminary supervision.

Jaroslav Pošvář in his textbook Common terms of administrative law from year 1946 understands supervision in its narrowest words sense as „set of functions, whose kernel rests in supervisor's overseeing activities of other below supervision set in a critical way according to regulations determining these activities and he has influence on the supervised person so that his activities correspond with the regulations.” Regarding terms, there are two signs included in supervision – observing and correctional.<sup>8</sup>

State supervision of motorways, roads, highways and publicly accessible communications is done by road administration authorities and municipalities to the extent of their action. Ministry of transport performs top state supervision above the state's supervision done by particular road administrative offices.<sup>9</sup>

Person in charge of performance of the state's supervision looks after, whether proprietors (chamberlains) and users of roads perform duties given by Law 13/1997 Col., about roads. If the person in charge during state supervision finds out infringement of duties given herewith law, according to needs and character of found insufficiency sets the way and terms of remedy in written form.

In the event of weighty troubles that the on the instant threaten user or way in building or in traffic technical conditions way, is competent in writing order proprietor those way high-speed stop or limitation her usage and will learn about it appropriate road

---

<sup>8</sup> Pošvář, J: Obecné pojmy správního práva, Československý akademický spolek „Právnick“ in Brno 1946

<sup>9</sup> § 41 par. 1. Law 13/1997 about roads

administration that the be obligated on schedule two days begin appropriate administrative procedure.

Proprietor or user way that the will default written order that the him stand by achievement of the state's supervision saved is able to road administration save disciplinary penalty to the 100 000 Kc. If that he had not been executed written order nor in newly given time, is able to road administration award fine repeatedly. Total this way saved disciplinary penalties however can not exceed amount to 300 000Kc.

## **1.4 Authorities of Road Administration**

### **1.4.1 Ministry Of Transport**

Ministry of Transport is central state administration body in the affairs of transport. It is liable for making the state transport policy. Among its other competencies are approving and supervising on issuing driving licences and it also issues generally binding public notices concerning transport and running on roads.<sup>10</sup> Ministry of Transport was established by Competency Law No. 2/1969 Col. (Kompetenční zákon č. 2/1969 Sb.), about foundation of ministries and other central state administration bodies in the Czech Republic. Among others it decides about legal remedies against decision if regional authorities in transferred scope. Also public notices about operating of transport and taxi services, as well as collecting of toll on motorways in the Czech Republic belong to the jurisdiction of the Ministry of Transport.

Its main activities and purposes the Ministry of Transport establishes in its policy. Among these activities belong for example:

- decisions about enlistment of a road to the category of motorway or road  
and about changes of these categories

---

<sup>10</sup> Law 2/1969 Col. About foundation of Ministries and other central authorities of state administration in CR

- ☐ decisions about cancellation of a motorway or a road after agreement with Ministry of Defence
- ☐ it acts as road administration and special building office in the affairs of motorways and high - speed roads
- ☐ decisions about emendatory agents against decisions of regional authorities in transferred scope.
- ☐ have as one's task and care about appropriate legal regulations, then and preparation laws et al. enactment dealing with given to problems, matter of fact are office join unification with European rightly

#### **1.4.2 Regional Authority**

Regional authority is one of organs limit. Organa limit observant office in independent and transferred action, regional administration, in his forehead costs principal responsible hetman. Organa territorial autonomous unit securing everyday office how in the area independent, so transferred action. According to law in the area independent action serve that the him saved vestry limit or counsel limit and assisting collections and committees in their activities.

Regional authority performs transferred action with the exception of things, that are fiduciary vestry, counsel or special organ limit. In road transport regional authority performs:

- ☐ decides about enlistment way to the caregory roads II. and III. classes and about changes these caregory,
- ☐ decides about cancellation roads II. and III. classes after granting approval ministry defences and ministry transport,
- ☐ performs action road administration and special surveyor's office in the affairs roads I. classes with the exception of thing, in which decides ministry transport,
- ☐ decides about emendatory agents against decision municipal office municipality with extensive action and against decision municipality.

### **1.4.3 Municipal Offices With Extended Scope**

Municipal offices with extended scope are so called connecting links of transferred scope of state administration between regional authorities and municipal offices. Municipal offices of municipalities with extended scope have instead of other municipal offices some spheres of activities in addition, namely not only for one of its own, basic county, but as a rule for other municipalities in the surrounding. Municipal offices of particular municipalities with extended scope exert state administration on section of transport administrative works, e.g.:

- exerts action of special building office in the affairs of 2<sup>nd</sup> and 3<sup>rd</sup> class roads and actions as road administration in the affairs of roads with the exception of things, about which decides the Ministry of Transport or regional organ in transferred scope,
- deals with offences on motorways and roads according to special directive,
- exerts actions of special building office in the affairs of local roads and publicly accessible roads in municipalities, which are not under special regulations entrusted with actions of a general building office.

### **1.4.4 Municipalities**

Municipality is basic unit of public administration and self-administration, in varying degrees according to type of municipality, and state administration. Municipality acts on behalf of its name in legal relationships and carries responsibility resulting from these relationships. It manages its own properties and financial sources, however it has to keep to the terms given by aw. Among main operations of a municipality belongs:

- decisions about enlistment of roads to the category of local highways and about rendering such highway from this category,
- deals with offences in the affairs of local highways and publicly accessible purpose communications under this law and according to special regulations,



- exerts action of road administration in the affairs of local highways and publicly accessible purpose communications,
- exerts action of special building offices in the affairs of highways and publicly accessible purpose communications, if they are according to special regulations entrusted to perform as common building office.

## **2 Financing Of Road Administration**

### **2.1 Transport Policy**

Basic strategic document for sector of transport is transport policy that declares, what a state in the area of transport has to do on the basis of intercontinental commitments, what is able to do with reference to financial sources and what it wants to do regarding social needs. Transport policy declares, what state and its executive in the area of transport have to do e.g . international bindings, contracts, what it wants to do, such as its safeness, sustainable development, ecology and further what it is able to do – financial aspects.

Global aim of transport policy is forming conditions for ensuring high - quality transport, that are intended on its economics, social and ecological falls in terms of principles of sustainable development and lays up real basis for start of changes of proportion among single sorts of transport.

Among main priorities of transport policy belong:

- straight conditions in access on traffic market
- high - quality traffic infrastructure enabling economic growth
- financing in sector of transport
- increasing transport safety

Transport policy was positively teamed with first strategic document on national level in the Czech Republic in terms of the process under consideration of environmental impact according to amended law about consideration of environmental impact, so called process of SEA inclusive the 1st evaluation of influence of introduced conception on locations of system NATURA 2000.

## 2. 2 Position Of Roads' Proprietor

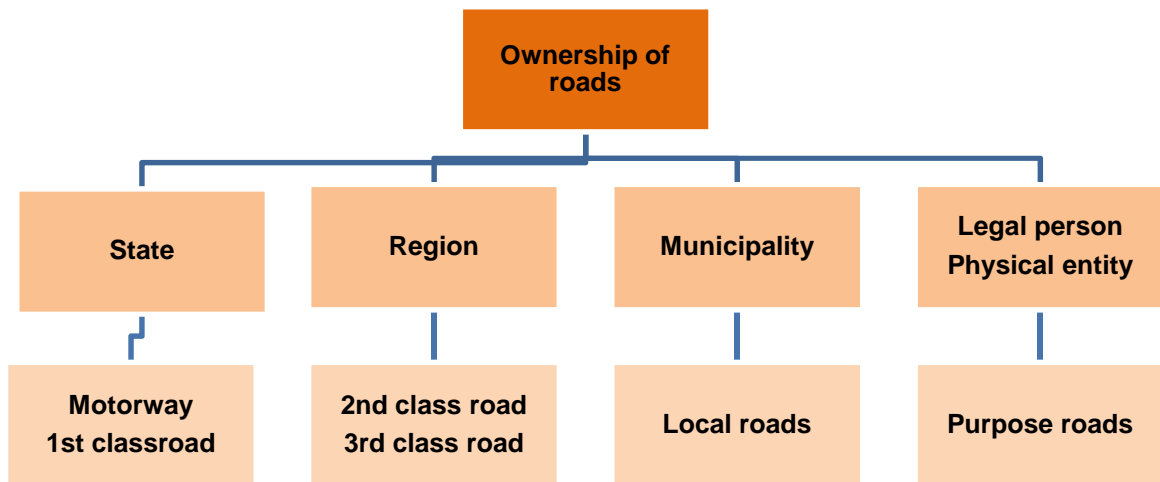


Diagram no. 2: Ownership of roads  
Source: self processing

According to the law about roads the position of proprietor is specific, because the proprietor has a number of rights and duties resulting from the law.

Proprietors of motorways, roads and highways are by law obliged to take care of the practicability of these communications, however a proprietor of tertiary roads does not have these duties. Law about roads does not say that proprietor of tertiary roads has to take care of practicability of such communication.

The proprietor of motorways and the 1<sup>st</sup> class roads is the state. These roads are managed by the Management of Roads and Motorways of the Czech Republic. Its main duty is to ensure administration, maintenance and repairs of the 1<sup>st</sup> class roads. It also ensures building and modernization of motorways and the 1<sup>st</sup> class roads.

Proprietor of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads is a region, on whose territory the road is to be found.<sup>16</sup> Individual regions establish Administration of Road Maintenance, allowance organization. These organizations ensure administration and maintenance of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads in its region, from the sources of the particular region. They also ensure maintenance of the 1<sup>st</sup> class roads for the state on the basis of the selection

---

<sup>16</sup> § 9 par. 1 Law no. 13/1997 Col., About Roads

procedure and contracts, and they can provide certain highway works for municipalities, which are paid by municipalities themselves.

Proprietor of highways is municipality, on whose territory is the highway located. If the highway is recorded in the passport of local highways, it is regarded as a highway and its owner is municipality. The proprietor of highway is obligated to keep a passport of highways, its way and range is a matter of the owner.

Proprietor of tertiary road is juridical or individual person. It can be also a municipality, region or state. Proprietor's duties resulting from the Law About Roads are not generally related to tertiary roads.

## **2.3 Financing Sources Of Road Administration in the Czech Republic**

Start of massive development of automobile transport in the Czech Republic is connected with the period after 1990. Thanks to its strategic position the Czech Republic has significant position in European traffic system. Since 2000 is financing of traffic infrastructure development in the Czech Republic ensured by Public Fund of Traffic Infrastructure (SFDI). This out - of - budget fund concentrates law de terminated income that allocates on purpose to maintenance, modernization and building of particular transport infrastructure. Every year this fund makes proposal of budgets that it introduces to the government to discuss it and then to approve it in the parliament of the Czech Republic. The income of Public Fund of Traffic Infrastructure form revenue of road taxes, shares from consumer taxation of petroleum, revenue from charges for using motorways and high - speed roads, resources from the Fund of National Possession of the Czech Republic, revenue from stocks and bonds or public collections, organized by SFDI, loans, interests from deposits, penalties, insurance benefits and other payments from individual and juridical persons. In addition it is contributions from the European committee, provided through appropriate European funds, gifts and inheritance and grants from state budget. In this way it is ensured that a part of revenue which the transport produces, returns to the transport.<sup>17</sup> Contributions of the European committee, provided through appropriate

---

<sup>17</sup>[www.sfdi.cz](http://www.sfdi.cz), 2<sup>nd</sup> Jan 2010

European funds, flow to the SFDI too. Balances of the Fund are at the end of each calendar year transferred to the following calendar year.

It is not just the State Fund of Transport Infrastructure that contributes to development of traffic infrastructure, but also others.

Another source of financing is Fund of the EU. This fund is the main tool of implementation of European policy of economic and social cohesion. By means of it the financial resources intended to decrease economic and social differences among member states and their regions are divided.

Since 2007 till 2013 is financial support from funds of the European Union to the transport in the Czech Republic realized through Operational Programme of Transport. This programme is ranked among the biggest operational programmes in the Czech Republic. Its managing body is the Ministry of Transport. In terms of ministry the managing body is performing the department of the EU funds. The Operational Programme of Transport is financed from the European Fund for Regional Development and the Cohesion Fund.

The Operational Programme of Transport is intended for realization of traffic aspects of the chief strategic aims of the National Development Plan. Its global aim is improvement in availability by transport.<sup>18</sup> Specific aims include:

- building and modernization of TEN-T network (Trans-European Transport Networks) and consequential networks;
- building and modernization of regional networks of rail transport;
- building and development of motorway network and network of the 1<sup>st</sup> class roads excluding TEN-T;
- improvement of public transport by building of underground and systems of road transport control in Prague;

Due to a constant development of road transport also the requirements for quality of roads are increasing. High attention is paid to systematic checking of conditions of roads

---

<sup>18</sup>Operational Programme of transport in 2007 – 2013. Ministry of Transport, November 2009, p. 65, [http://www.strukturalnifondy.cz/uploads/documents/Programy\\_2007\\_2013/OP\\_Doprava/OPD\\_2009\\_03\\_11\\_final3.pdf](http://www.strukturalnifondy.cz/uploads/documents/Programy_2007_2013/OP_Doprava/OPD_2009_03_11_final3.pdf) (3rd Nov 2009)

and motorways and operative removing of defects, within the state budget. For objective check of state of road surface, every year is taken measurement on about 6,500 km of the most significant roads. Till the year 2013 the government have made and approved a schedule of building of transport infrastructure, which replaced the plan of development of transport infrastructure. The schedule clearly sets ways of financing of development of transport infrastructure, it contains a list of transport buildings with estimated price of 800 billion Czech Crowns.<sup>19</sup> For the first time in history of the Czech Republic it is clear, what and when will be built, but mainly it will be evident, from what sources will be these buildings financed. In 2008 the government of the Czech Republic increased grants for individual regions, which should lead to increase in safety on the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads up to 1 billion Czech Crowns above the approved state budget, from original 4 billion to 5 billion Czech Crowns. The larger part of these financial resources is planned on renewal of bridges, mainly on those destroyed during floods.

Another source that regions might use, are budgets from the particular region and from its municipalities and towns (like contribution for repair and reconstruction of the 2<sup>nd</sup> and the 3<sup>rd</sup> class public road system in urban area), and the Department of the Ministry of Finance in the Czech Republic.

Administration, maintenance and repairs of the 1<sup>st</sup> class roads is carried by the management of Roads and Motorways in the Czech Republic. On the basis of selection procedure the individual repairs and maintenance are made by a supplier. Repairs, maintenance and administration of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads are made by individual regions.

We also can not forget a global document comprising development priorities of seven regions of cohesion. This programme is called Common Regional Operational Programme. In terms of hereof programme five priorities were determined. One of these priorities is focused on investment, reconstruction and modernizing of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, inclusive removing of defects and unfavourable influence on population as is, for example, a circumferential highway.

During last few there have been significant changes regarding the process of preparation and implementation of buildings, with high effort to increase transport safety on roads and

---

<sup>19</sup> www.vlada.cz 14<sup>th</sup> Dec 2009

comfort of their users. These are mainly changes in legal and technical regulations and in attitude to environmental protection. Modern technologies are applied on new motorways and roads, with tunnels and telematic facilities such as changeable traffic signs, detectors of icy roads, cameras and so on.

Unsatisfactory balance of state budget, let me say the budget of SDFI for financing of traffic infrastructure leads to necessity to search alternative resources of financing building, reconstruction and maintenance of roads. For this purpose sources of private sector in form of PPP projects can serve, the so called Public private Partnerships. PPP is a commonly used abbreviation for partnership of public and private sector. It is a cooperation of public and private sector that arose with the aim of use sources and abilities of private sector while ensuring public infrastructure or public services. Typical examples of PPP are projects like motorways, tunnels, bridges, high speed tracks. But realization in the form of PPP does not deal merely with traffic infrastructure, but also with health service, education and defence.

## **2.4 Use Of Financial Sources In Zlin and Moravian-Silesian Region**

Since this topic is very large I have decided to choose for comparison of financing the 2<sup>nd</sup> and the 3<sup>rd</sup> class the roads in administration of Zlin and Moravian-Silesian region. In 2001 the Ministry of Transport in the Czech Republic decided that a particular possession from the state was transferred to the region. This decision applied to individual regions that became proprietors of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads including their property managers – state allowance organization of the Management and Maintenance of Roads (SÚS). The decision resulted from the Law no. 157/2000 Col., about transition of particular things, rights and obligations from the possession of the CR to the possession of regions and the day of its acquisition came into operation on the 1<sup>st</sup> October 2001.

*For financing of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads the regions use mainly these sources:*

### **Funds of the European Union - State fund of traffic infrastructure**

Providing of money from the EU funds is bound to the existence of particular developing direction, in terms of planning and programmatic documents that is supported by the EU. SFDI provides programs, from which it provides money for survey and project work, focused on building, modernizing and repairs of roads and motorways, etc., on programmes to increase road-traffic safety and its access to people with limited ability of movement and orientation.

### **Budget of the region**

Activities of regions regarding financing from the regional budget is in the area of transport connected mainly with ensuring of traffic service and financing the organization of the 2<sup>nd</sup> and the 3<sup>rd</sup> class road administration and maintenance of roads owned by the region. To use sources from the EU it is necessary to suppose need of co-financing of projects supported by the EU, when resources on co-financing of the projects are already included to the budget. One possibility of obtaining additional sources, are the so - called loan resources, which are intended on co-financing of projects from the budget of the EU including areas of transport. With these sources it is necessary to ensure their economic return. This economic return can be a problem for the regional budgets, namely because of the fact that they will have to be paid off in the following years.

### **Municipalities and cities**

Municipalities do not get regular grants on transport, but they may get grants from state sources e.g. : state budget, Programme for Rural Development, State Fund of Traffic Infrastructure, Fund of the EU. Municipalities can use loan sources and unlike regions,



increased number of entrepreneurs influences the budget of the municipality (since the municipality gains 30 % income taxation from the entrepreneurs living on its area ) as well as the number of working positions in the municipality (share in income tax revenue of physical persons from dependent activities).

### **Private sources**

Possibilities to use private sources for transport and traffic infrastructure are given by the possibility to gain profits. Traffic infrastructure is a public sector that ensures its financing, while these services do not cover costs by their incomes and must be therefore supported by sources from public budgets. Participation in financing of traffic infrastructure by private sources, e.g. in the case of investment in development of roads, presents in term of public budgets only postponed debt of private sector that the public budget will have to pay off in the future (it is impossible e.g. to think about collecting toll on common roads), therefore it is a form of loan.

Zlin region is situated in eastern part of the Czech Republic on border with Slovakia. Regarding insufficiently permeable public road system this region is one of the most afflicted regions with insufficient road infrastructure. Only in 2005 the 1<sup>st</sup> section of motorway D1 was open in the region. Regarding the length of roads that are found on the territory of the region, Zlín region is in the last place with density of 0,603 km of roads on km<sup>2</sup> which is approximately 25% below state's average.

In September 2001 the municipal council of Zlin region approved a new conception of road economy and set up a regional contributory organization "Management of Roads in Zlin region". This contributory organization is property manager of all 2<sup>nd</sup> and 3<sup>rd</sup> class roads, their parts and facilities in the territory of Zlin region.

Basic purpose and subject of its activities is:

- building, repairs, maintenance and ownership administration of roads and their parts and facilities in proprietorship of Zlin region
- efficient and economical use of public financial resources

Other activities of the contributory organization management of Roads in Zlin region is ensuring of preparation and financing of building and modernizing of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, their parts of and facilities, as well as ensuring care of current public road network including repairs and maintenance.

In Zlin region there we can find the 1<sup>st</sup>, the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads. The region as the proprietor of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads can to a great degree influence its concern in reconstruction and modernizing of these roads. On financing and reconstruction of current traffic significant 2<sup>nd</sup> and 3<sup>rd</sup> class roads, lap roads and through traffic places in municipalities and outside of them it was during 2004 – 2006 used supports from the structural funds of the EU from the programme SROP. In terms of this programme in Zlin region there were implemented projects with usage of financial resources from structural funds of the EU in the amount of 263,19 mil. Czech Crowns. In years 2007 – 2013 within the programme SROP Zlin region wants to use financial sources from the structural funds of the EU in the total amount of about 2 billion Czech Crowns on reconstruction of current traffic significant 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, lap roads and through traffic places in municipalities and outside of them.

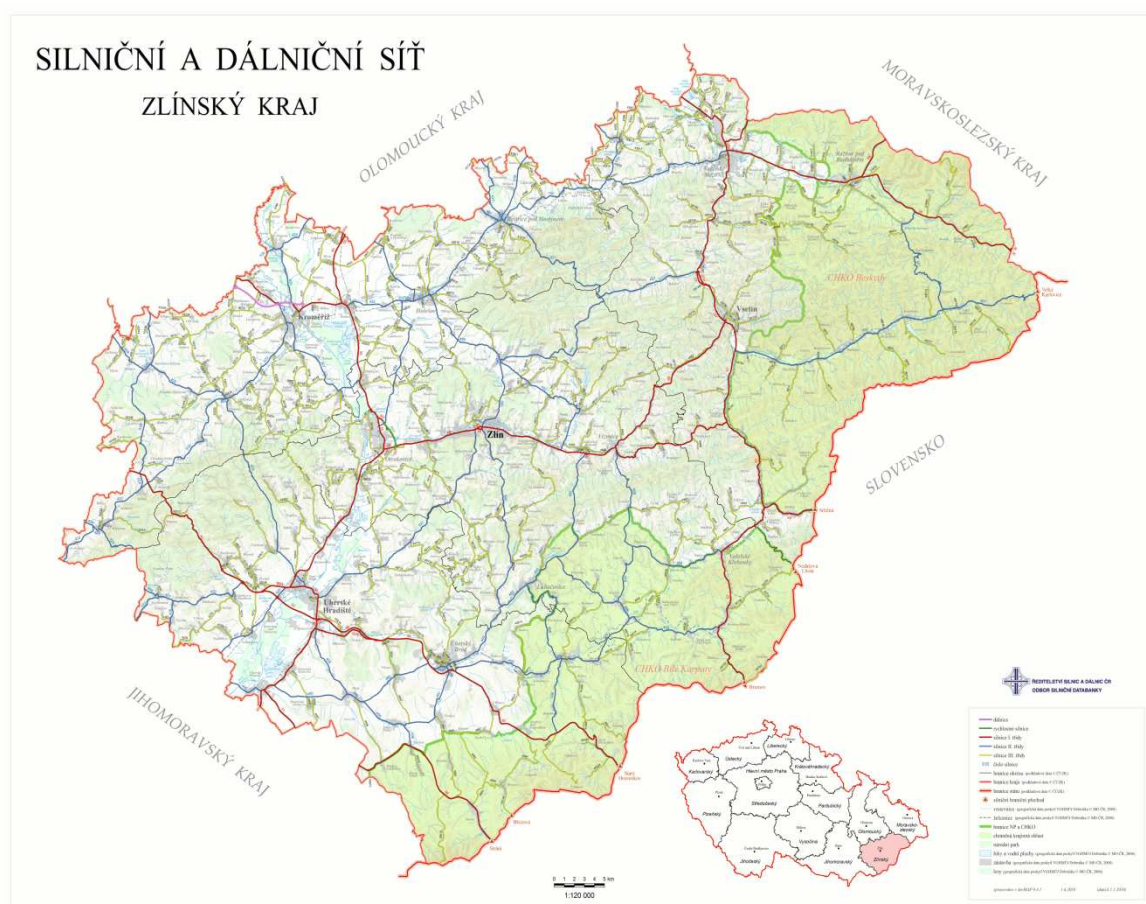
The maintenance works on roads in Zlin region are done by individual administration and repair institutions in Zlín, Uherské Hradiště, Valašské Meziříčí and Kroměříš region. These companies ensure common and winter upkeep on roads in proprietorship of Zlin region and on then 1<sup>st</sup> class roads owned by the Czech Republic.

Transportation network in Zlin region is significantly influenced by hilly character of some regions. Handicap of this region very limited net of high-quality roads, as it is motorway and high - speed road.

District	2nd class roads [km]	3rd class roads [km]	Overall [km]
Kroměříž	189	315	504
Uherské Hradiště	141	265	406
Vsetín	84	308	392
Zlín	160	310	470
Kraj celkem	574	1 198	1772

Table no. 2: Overview of roads in Zlín region

Source: Management of roads in Zlín region to the 1stJan. 2008, on 20th Feb. 2010



Map no. 1: Overview of roads in Zlín region

Source: Management of roads in Zlín region, 20th Feb 2010

## Budget of Zlin region

Activities of regions on the part of financing from the regional budget is in the area of transport above all connected with ensuring of traffic service and financing repairs and maintenance of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads owned by the region.



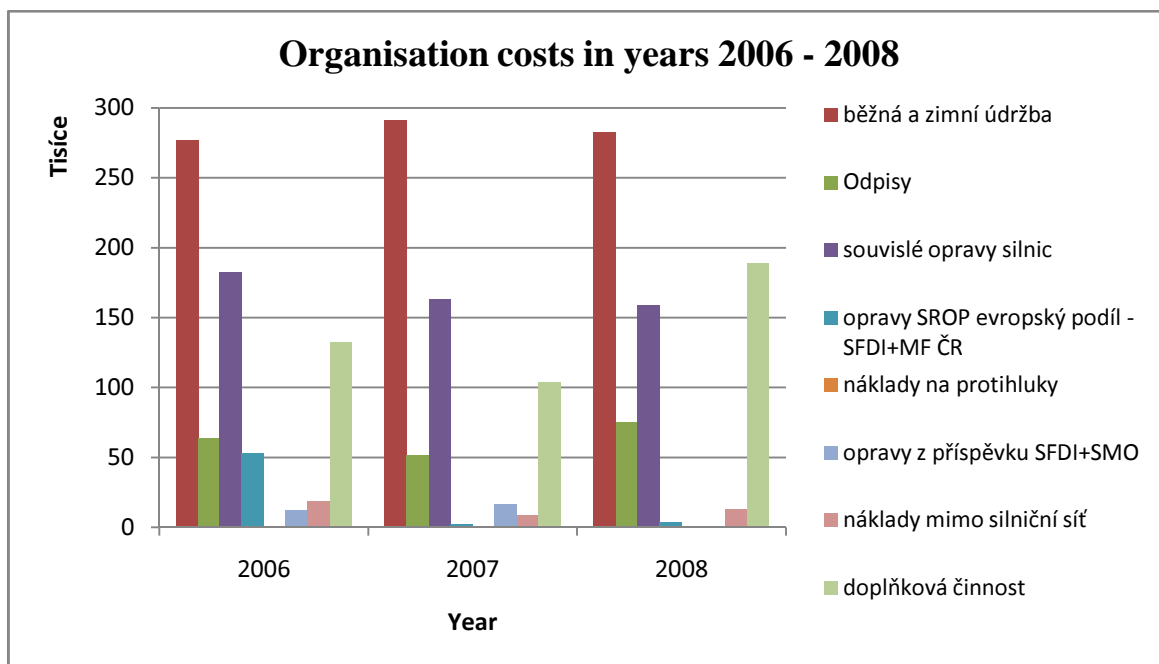
Diagram no. 3: Flows of Zlín region

Source: Management of roads in Zlín region 6th Oct. 2009

Budget of the Management of Roads in Zlin region can be divided into two parts. As we can see from the previous diagram, it is investment and non investment resources. As an example of mechanical investments, it is, for example, buying of meteorostations, information technologies. Among building investments belong big constructions. Non-investment resources are further used on repairs and upkeep of roads. Part is then expended on independent activity of organization and district property administrations.

Organisation costs of years 2006 – 2008			
year	2006	2007	2008
common and winter maintenance	276 659	291 337	282 745
depreciations	63 280	51 274	75 229
continuous road repairs	182 200	163 304	158 681
repairs SROP European share - SFDI+MF CR	53 325	2 135	3 815
costs on noise barriers	0	0	0
repairs from contribution SFDI+SMO	12 385	16 612	0
costs excluding road network	18 201	8 450	12 600
extra activity	132 153	103 350	189 000
<b>costs together</b>	<b>738 203</b>	<b>636 462</b>	<b>722 070</b>

Table no. 3: Costs of the Management of roads in Zlín region in years 2006 – 2008, on 13th March 2010  
Source: Management of roads in Zlín region, altered by self processing

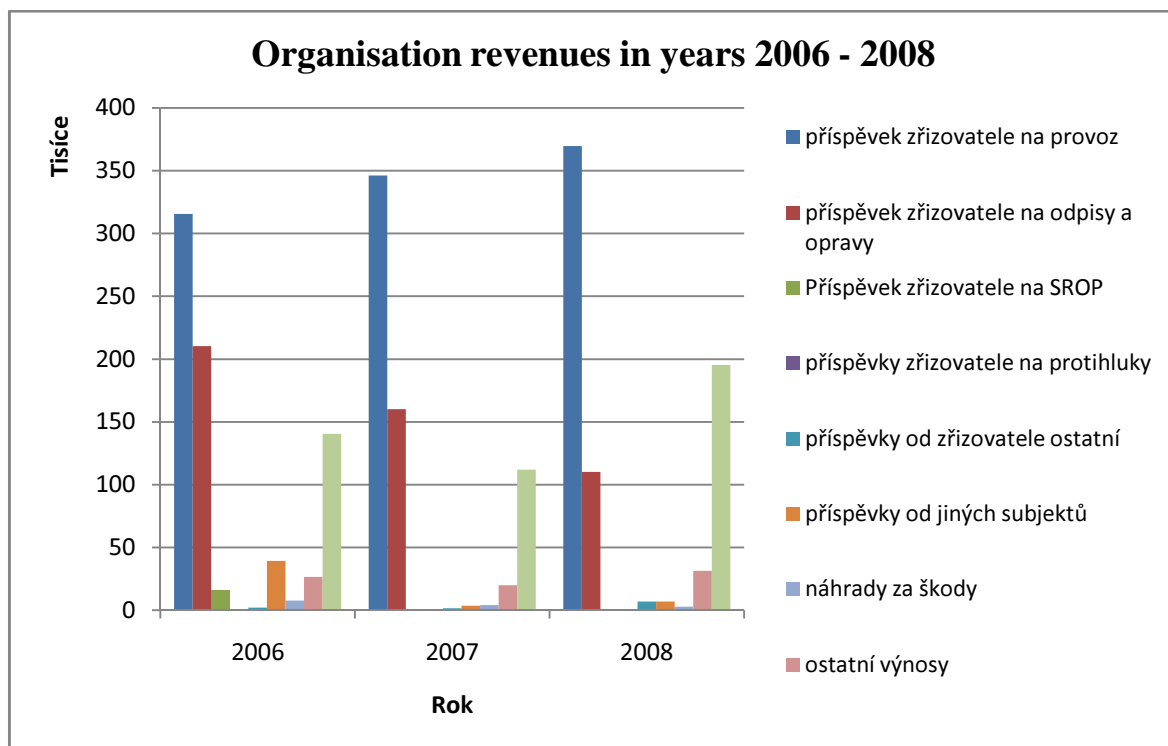


Graph no. 1 Costs of the Management of roads in Zlín region in years 2006 – 2008, on 13th March 2010  
Source: Management of roads in Zlín region

Organisation revenues in years 2006 – 2008			
year	2006	2007	2008
contribution of the founder for operation	315 500	346 153	369 600
contribution of the founder for depreciation and repairs	210 350	160 000	110 215
contribution of the founder for SROP	15 523	0	0
contribution of the founder for noise barriers	0	0	0
other contribution of the founder	1 948	1 600	6 800
contributions from other subjects	39 255	3 500	6 800
compensations of damages	7 562	4 085	2 874
other revenues	26 580	19 813	31 300
complementary activity	140 383	112 000	195 400
<b>overall revenues</b>	<b>757 101</b>	<b>647 151</b>	<b>722 989</b>

Table no. 4 Revenues of the Management of roads in the Moravian-Silesian region in years 2006 – 2008, on 13th March 2010

Source: Management of roads in Zlín region



Graph no. 2 Revenues of the Management of roads in Zlín region in years 2006 – 2008, on 13th March 2010

Source: Management of roads in Zlín region

## **Summary of economic situation**

On the basis of provided economic data I have processed tabular and graphic illustration of basic economic sings of economy of contributory organization, i. e. costs and profits in Zlin region in years 2006 – 2008. It is an overview of all costs and revenues of the organization. Significant cost sum is common and winter upkeep, primarily intended to ensuring yearlong practicability of roads. Herewith is nearly connected the sum for continuous repairs of roads that also forms indispensable cost sum. Common name for partial cost items is additional activity, below which it is possible to cover up, for example, repairs of road vehicles and industrial machines, or preparatory works for constructions and other. Regarding profit items, here we can see additional activities, below which can see, for example, revenue from lease of technical services etc .

Purposely I have done this short evaluation behind the overview of costs and revenues, to make obvious the economic situation of the organization, i. e. how it manages the money commended by its founder. From above - mentioned it is obvious a relatively well - balanced economic situation, with definite abnormalities in among - yearly comparison in tens of thousands, which is caused by many factors, at which it is necessary to react lively (e.g . terms of winter weather). It is necessary to point out, that till now on the conclusion of accounting year the organization has been in gain, though it is not its prime aim, as it is especially maintenance and repairs of public road system and realization of traffic constructions. Therefore its treatment with financial sources is responsible.

Moravian-Silesian region is situated in the northeast part of the Czech Republic. It is a varied and heterogeneous region. This region is an attractive place for life, work and spare time; live, self-sufficient and ambitious, with dynamic economy and peculiar culture.

Throughout the entire Moravian-Silesian region there pass the 1<sup>st</sup> class roads that link the most significant cities. By the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads all locations are made available and they bring the basic conditions for life and business of cities and municipalities. The owner of these roads is the Moravian-Silesian region (Road Administration of Moravian-Silesian region). The main activities of the Road Administration of the Moravian-Silesian region, contributory organization, (further only SSMSK) is maintenance and repairs of public road system and ensuring the implementation of traffic constructions.

Current roads are however overloaded in their capacities, in addition they lead in unsatisfactory ways namely over municipality centres. They have bad impact on the environment, mainly because of the fact that there are not solved the issues of circumferential highways of cities and municipalities in important routes.

Yearly is to the upkeep of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads in the region invested about 500 mil. Czech Crowns. Problem of current unsatisfactory state of traffic infrastructure is high inner debt of road network administered by the region (2<sup>nd</sup> and 3<sup>rd</sup> class roads), which is assumed to circa 4 – 4.5 billion Czech Crowns. If this inner debt should be paid off and the current 2<sup>nd</sup> and 3<sup>rd</sup> class road network should get to a satisfactory level in 10 years, it is necessary to invest about 1 billion Czech Crowns to repairs and maintenance every year.



Map no. 2: Overview of roads in the Moravian-Silesian region  
Source: Road administration of Zlín region, on 20th Feb.2010



2nd and 3rd class roads in the Moravia-Silesian region			
District	2nd class roads [km]	3rd class roads [km]	Overall [km]
Bruntál	278	420	698
Frýdek - Místek	93	318	411
Karviná	146	146	292
Nový Jičín	85	396	481
Opava	173	473	646
Ostrava	76	142	218
Kraj celkem	851	1895	2746

Table no. 5: Overview of roads in the Moravian-Silesian region

Source: Road administration of the Moravian-Silesian region, on 20th Feb.2010

### Sources of financing of 2nd and 3rd class roads in the Moravian-Silesian region



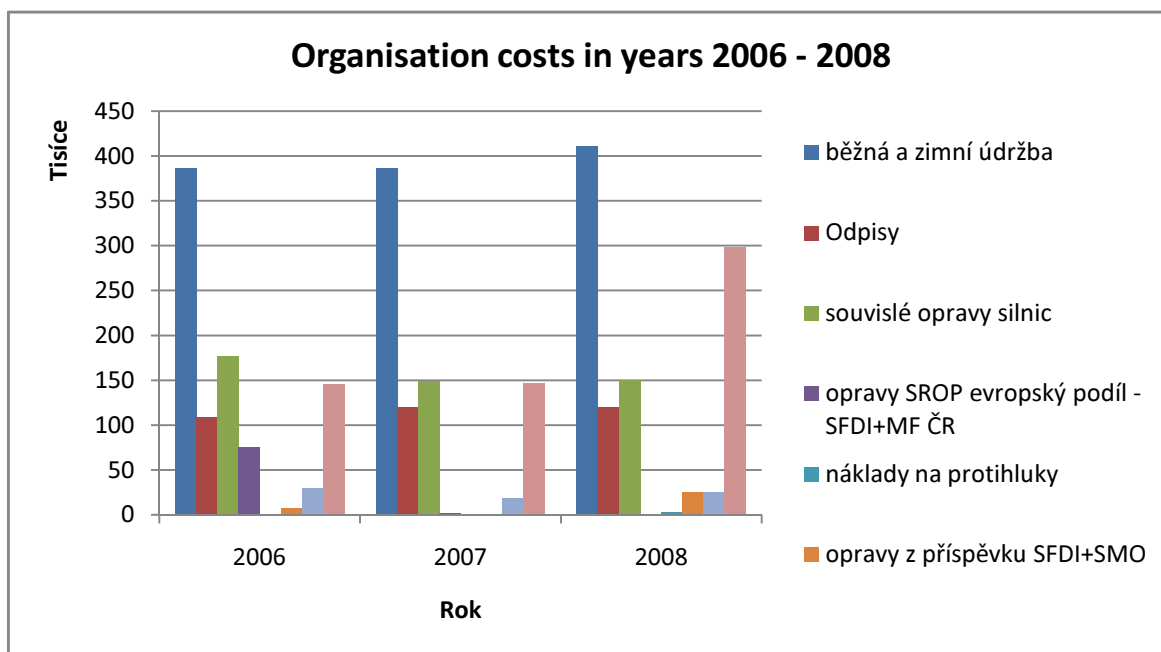
Diagram no. 4: Sources of financing of 2nd and 3rd class roads in the Moravian-Silesian region

Source: Road administration of the Moravian-Silesian region, on 4th Dec. 2009.

Organisation costs in years 2006 – 2008			
year	2006	2007	2008
common and winter maintenance	386 516	386 633	410 788
depreciations	109 381	120 000	120 516
continuous road repairs	176 294	148 516	150 247
repairs SROP European share - SFDI+MF CR	75 594	2204	0
costs on noise barriers	0	0	3 070
repairs from contributions SFDI+SMO	7 608	0	25 436
costs excluding road network	29 605	18 909	25 006
complementary activity	145 366	146 766	297 948
<b>costs together</b>	<b>930 363</b>	<b>823 028</b>	<b>1 033 011</b>

Tab. no. 6: Organisation costs in years 2006 – 2008

Source: Road administration of the Moravian-Silesian region, on 20<sup>th</sup> Feb. 2010.



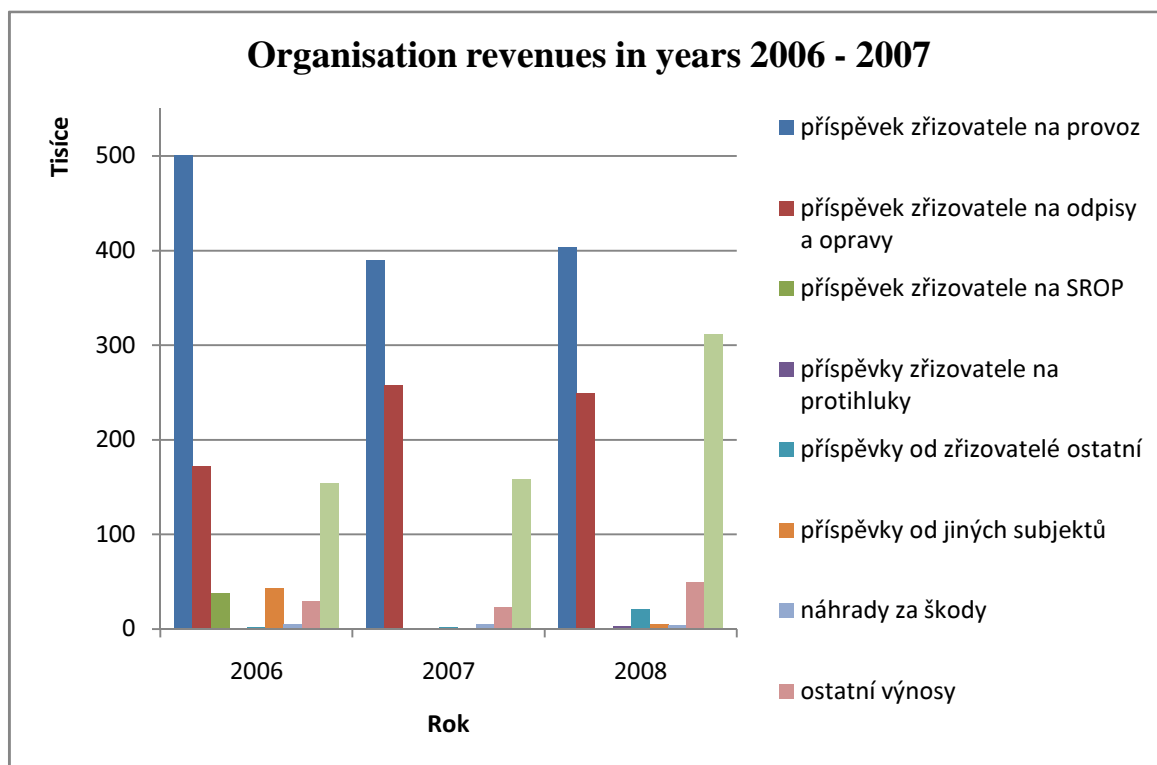
Graph no. 3: Organisation costs in years 2006 – 2008

Source: Road administration of the Moravian-Silesian region, altered by self processing

<b>Organisation revenues in years 2006 – 2008 in thousands of Czech Crowns</b>			
year	2006	2007	2008
contribution of the founder for operation	500 915	389 430	402 889
contribution of the founder for depreciation and repairs	171 906	257 000	248 540
contribution of the founder for SROP	37 425	0	0
contributions of the founder for noise barriers	0	0	3 000
other contributions of the founder	1 562	2 100	20 874
contributions from other subjects	43 203	0	5 000
compensations of damages	4 951	5 321	4 158
other revenues	28 967	23 382	49 803
complementary activity	153 579	158 041	311 813
<b>Revenues together</b>	<b>942 508</b>	<b>835 274</b>	<b>1 046 077</b>

Tab. no. 7: Organisation revenues in years 2006 – 2008

Source: Road administration of the Moravian-Silesian region on 20<sup>th</sup> Feb 2010



Graph. no. 4: Organisation revenues in years 2006 – 2008

Source: Road administration of the Moravian-Silesian region, altered by self processing

### **Summary of economic situation**

As an illustration of economy with financial resources of the Road Administration in Moravian-Silesian region during 2006 – 2008 I have formed tabular and graphic illustration of costs and profits of the contributory organization. Items here mentioned are coincident in their meaning with sums mentioned at Zlin region. I have done this mainly for easier orientation in the text and to decrease the risk of misunderstanding.

Primary comparison of cost and profit items in final sum signals with reference to watched period budget responsibility of the organization, which is supported by positive economic results. Though in some years we can trace tendency in growth of costs in different items, this is sufficiently compensated by the growth of profit items, whereby is the profitability of the organization in final sum of the accounting period ensured. Such mutual ratio is important in relation to fulfilling of the aims of the founder as well as in relation to its employees.

### **3. METHODOLOGY OF RESEARCH**

#### **3.1 Survey**

Aim of this work is comparing use of financial resources intended to repair roads in Moravian-Silesian and Zlin regions. Experimental inquiry is focused on the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, which are endowed from a budget of appropriate regional authority. As I have mentioned above, these roads are included into the administration of a particular regional authority. To fulfil the goal it was first necessary to find out relevant information about activities of regional organs participating in accepting, organization and realization of financial resources destined to upkeep and innovation of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads. Then it was necessary to record opinions and views of addressed professional public on financing and use of these sources by above - mentioned regional organs.

#### **3.2 Survey File**

To obtain data from interviews I asked several informants – Ing. Miroslav Schenk from the Administration Office of Roads in Moravian-Silesian region and Ing. Maria Kunčíková from the Management of Roads in Zlin region. Both persons work in their organizations as economic managers and in addition they have much experience in the area of road transport. Especially for these reasons I asked them for an interview, since I think, they can considerably contribute to my goal.

For comparison I have chosen two neighbouring regions, which I consider to be sufficient for my thesis. The work is not only a summary of statistical data without any bindings on given locality, but above all it reflects my interest in regions, to which I have personal tie. In either case I can say that I know the regions very well, since in the Moravian-Silesian region there I permanently live. In addition I work in the Zlin region and I cooperate with the Management of Zlin region.

### 3.3 Technique Of Data Collecting And Processing

To fulfil the purpose of this bachelor thesis I have chosen the method of qualitative analyses of data acquired not only by analysis of current statistical outcomes, but also information – evaluation by informants who directly take part in financing of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads.

On the basis of studies of experimental methods for obtaining data I have chosen an interview.<sup>20</sup> It is based on interpersonal contact and it makes it possible to catch not only data, but also more deeply pierce into motives and postures of the informants. The interview proceeded openly, thematically, fluently and by a single application. Individual interviews I carried out always in the same way and my attitude to informants was unchanging. The centre of my focus always headed for a topic set in advance – financing of roads. I made the interviews in appropriate situations with sufficient time and there were no other people present.

I regard the method of an interview as optimal, because its basis is immediate verbal communication of research worker with an informant. The main advantage is that it is similar to natural communication among people and it enables easy contact between the questioner and informants, which can mean his or her immediate and franker discourse. Another advantage is the course of inquiry face to face, which makes it possible to watch responses of informants and according to that to regulate its further proceeding.

Interview as a technique of obtaining data can have three various forms: structured, semi-structured and unstructured. In terms of testing the convenience of chosen method and progress I have taken advantage of semi - structured interview. During this type of interview the questioner has set of questions or topics prepared in advance. Their sequence is not firmly given and the questioner can alter them, as well as the strategy of the conversation.

To record information during the interview I used a Dictaphone, from which I made an entry for further analysis. I chose this equipment to lower the risk of distortion of the results due to forgetting, and in addition making written notes would mean more difficult communication. Of course informants agreed to use the Dictaphone. The most important

---

<sup>20</sup> HENDL, J. *Úvod do kvalitativního výzkumu* 1. vyd. Praha: Karolinum 1999

excerpts from the interview are recorded in the Supplement no 2. During the interview I asked complementary questions depending on fulfilling its aim.

In the following parts of text I record written remarks of views and attitudes of informants to financing the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, from which an entry for further analysis was made. I interpret the results from the interview separately, because I think it is more transparent.

Maria is convinced that the system of financing the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads in Zlin region is insufficient. This is supported by a fact that in Zlin region there is lack of higher category roads (the 1<sup>st</sup> class roads and motorways). All transport is led over so - called districts. Due to the fact that the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads are owned by a region, it is merely their decision where and how much to invest. While in the past the State Fund of transport Infrastructure used to contribute to the repairing of lower class roads, since 2005 such repairs are paid just from the regional budgets. Maria thinks that one of the most important things is to ensure practicability of the roads owned by the region.

Miroslav has also the opinion that the financial resources for the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads are in terms of deficit in investments insufficient. The main activities of the organization are repairs and a year-long maintenance of roads, their accessories and bridges on the territory of the region and ensuring proprietary rights of the Moravian-Silesian region of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads.

Even if Miroslav is persuaded that the financial resources spent on the roads in proprietorship of the region are insufficient and public road system is truly insignificant, he says that the financial resources have been slowly increasing. Miroslav sees the roads owned by the region not good enough, just to maintain them. On the other hand he is an optimist and he believes in improvement. In 2001 the regions took over the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads from the state with a large negligence of about 3 billion Czech crowns. If in that time 3 billion except for other had been invested, the roads owned by the region would get to state zero. The regions invest some extra money, because this negligence is truly large, but we cannot say, „ *it is ok, it is enough just to maintain the roads.*”

### 3.5 Interpretation Of The Proven Data

Experimental inquiry in common level brought an inquest that the financial resources provided by founder are insufficient, indeed with reference to the state of public finances the situation is yet tolerable. In other words, the road administration manages with financial resources that serve to ensure prime tasks commended to contributory organization, indeed there is not enough money for its other activities. Evaluation is done by word description and I only start from data ascertained through an interview.

In start-up phase of the interview informants first describe organizational structure of their contributory organization. From analyses of the interviews there results discontent above budget policy of the founder, when both informants point to lack of funds. They agree that roads demand much bigger amount of money, but everything depends on the budget of a region and how much financial resources is the region willing to invest in its possession. Organization will outline troubleshooting areas, e.g. : roads in disrepair, but the final decision is matter of the regional office that takes a stand and decides about the amount of financial resources. In this respect regions request grants from different ministries, the EU, or grants from SFDI.

In 2001 in terms of legislative changes, the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads were given to the ownership of individual regions. Herewith were the regions, as a new proprietor of roads, forced to cope with unsatisfactory technical conditions. Even nowadays at a number of places it is possible to find inadequacies, which were not removed in terms of changes of roads' proprietors. Financial resources for roads in proprietorship of regions are divided in maintenance and investment. Finances for maintenance are still the same, only with slight annual increase. Investment grants are sources of regions and are divided in investment and non-investment, and further they can be grants of different ministries e.g. for treatment of alleys, removing damages after floods, grants of SFDI, grants from the EU and state budget. These grants are intended above all for investments, finances from personal sources e.g. sale of material, lease of land for cross-cut, are to be used for operation. Further it is necessary to consider the level of road network. If there are no motorways or the 1<sup>st</sup> class roads in a region, all running is led over the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads.

If an organization obtains high investments, e.g. for reconstruction of part of road section, in the following 5 – 6 years there is no need for further costs. On the contrary if it



is continuous sectional repairs, e.g . road holes, it has short term effect. Such use of financial resources is not efficient, since there threaten repeated damages in the future. Financial resources for maintenance are the same every year with a slight increase. If an organization uses more money for winter maintenance, it has an impact on summer maintenance. Thereby the realization of summer maintenance becomes more complicated.

## CONCLUSION

The most important part of traffic infrastructure in a modern state is roads. Quality of roads has not been yet too high namely due to lack of finances. This work deals with comparing financing of roads in particular regions. Because of severity of data processing it was not possible to involve all regions of our country into this thesis. I have presumed that demand of quantity would outweigh the quality of this paper. Therefore I have chosen only two regions, Zlin and Moravian-Silesian region, and I have profoundly studied their activities concerning the 2<sup>nd</sup> and 3<sup>rd</sup> class roads. Since I live in Moravian-Silesian region and I work in Zlin region and I cooperate with its board of management I know both regions very well. One of the most substantial factors having influence on enhancement of building of road network is the capacity of financial resources the region is able to set apart for building of roads in its proprietorship.

In theoretical part I have explained the term of transport as a whole and I have further described in details roads – their division, classification, proprietorship. I have broadened the theoretical part with description of public administration and state supervision, which contribute to understanding of the basic terminology. In connection with this I have described activities of individual organs connected with road administration at all levels. And further I concentrated on financing of road administration, its development and use.

In practical part I have made a survey, whose aim was to compare financing of road administration in Zlin and Moravian-Silesian region. The main data source was not only analysis of documents and processing of theoretical part, but also data gained from interview. Due to this I gained information from professionals – economic deputy of the Road Management of Zlin region and economic deputy of Road Administration in Moravian-Silesian region. The survey has showed that the financial resources for the 2<sup>nd</sup> and 3<sup>rd</sup> class roads owned by the regions are insufficient; nevertheless both allowance organizations have not reached negative balance.

The aim of this work was to compare financing of road administration in Moravian-Silesian and Zlin regions that was to be used for the 2<sup>nd</sup> and 3<sup>rd</sup> class roads. From above mentioned tables and graphs it is obvious that the organizations in monitored period have

not got to negative balances. I cannot tell that the contributions have increased year after year, they are different every year.

Recently it has been often thought about introduction of toll for motor cars according to the number of driven kilometres on public roads. In my opinion, this system could bring much money to the road-traffic infrastructure. Some roads in these regions are unsatisfactory or even in disrepair. The main reason is negligence of roads from the past as well as increase in transport, when there is primarily rising number of trucks on roads. Condition of roads has been also marked with floods in certain years.

## ABSTRAKT

**Dusakova, D.** *Comparison Of Financing The Administration Of Road Transport In Particular Regions.*

Kunovice 2011: Bachelor thesis. European Polytechnic Institute, Ltd

Supervisor: Mgr. Dagmar Malinova

**Key terms:** transport, road, highway, transport policy, state supervision

This Bachelor Thesis deals with a comparison of the financing of the administration of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads in the Moravian-Silesian and Zlin regions from the road proprietor's view.

The topic of this thesis was chosen with reference to my occupation. Roads or highways are an everyday content of my work. The aim of this paper is to approach the main terms connected with its topic of financing of the administration of road transport to public that might be interested in this field.

In the theoretic part there I explained the term of transport itself, I described roads in detail and their division, classification and proprietorship. Further I broadened the thesis with a description of the state administration and state supervision, which contribute to an understanding of basic terminology.

In the practical part I made a survey, whose aim was a comparison of the financing of the road administration in Zlin and Moravian-Silesian Regions, particularly of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads. Then I recorded the opinions and attitudes to the way of financing and using of sources of a few professionals dealing with it.

The bachelor thesis contains a summary of the most important sources and use of financial sources relating to the owners of particular roads. This paper is aimed mainly to the owners of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, who deal with this issue every year.

## BIBLIOGRAPHY

- [1] KUDRNA, J., *Zhodnocení vybraných úseků provedených vyvinutými pojivy*. Olomouc: 2009, Olomouc : 2009. s. 1-30. ISBN: 978-80-970139-0-5.
- [2] KUDRNA, J. *Výhled stavebních aktivit na pozemních komunikacích - zhodnocení Silniční konference 2008*. Luhačovice : 2008. s. 1-24.
- [3] DAŠEK, O.; KUDRNA, J., *Asphalt-rubber Performance Testing, příspěvek na konferenci XII. mezinárodní vědecká konference, XII. international scientific conference*, ISBN 978-80-7204-629-4, Akademické nakladatelství CERM, s.r.o. Brno, Brno : 2009
- [4] POŠVÁŘ, J.: *Obecné pojmy správního práva*. Brno: ČSAS Právník v Brně : 1946, 103 s.
- [5] KYNCL, J. a kol. *Historie dopravy na území České republiky*. Praha: Institut Jana Pernera : 2006. 148s.
- [6] ZELENÝ, L. a PEŘINA, L. *Doprava, dopravní infrastruktura*. Praha: VŠE, 2000. Hein, O., *Užívání účelové komunikace*, Právní rádce : 2002, 356 s.
- [7] EUROPEAN COMMISSION. *Panorama of transport*. Lucemburg: Eurostat statistical books, 2007.
- [8] KYNCL J., SELLER K., KUBEC J. *Mezinárodní doprava I. Pardubice*: Univerzita Pardubice : 1996, 99 s., ISBN 80-7194-043-7
- [9] SKULOVÁ, S. *Správní právo*. Brno: MU v Brně : 2003. 262 s. ISBN 80-210-2294-9.
- [10] PRÚCHOVÁ, I., CHYBA, J., *Omezení vlastnického práva k pozemku z důvodu obecného zájmu*, Brno: Masarykova univerzita : 1998, str. 30-31

- [11] BOUKAL, P., VÁVROVÁ, H., NOVOTNÝ, J. *Ekonomika a řízení neziskových organizací*. Praha: VŠE : 2003. 105 s. ISBN 80-245-0604-1
- [12] KOČÍ, R; KUČEROVÁ, H. *Silniční právo*. Praha: Leges : **2009**, Praktik, 1. vyd., 416 s.
- [13] BARNES, A.J., *Law for business*, Published 2008 by McGraw Hill Higher Education, 1040 s., ISBN: 9780071284004
- [14] ZELENÝ, L. *Doprava: (ekonomické souvislosti rozvoje)*. **1. vyd.** Praha, Vysoká škola ekonomická : 1995. 111 s. ISBN 80-7079-402-X.
- [15] ZELENÝ, L. PEŘINA, L. *Doprava: dopravní infrastruktura*. Vyd. 1. Praha: Vysoká škola ekonomická v Praze : 2000. 106 s. ISBN 80-245-0110-4.
- [16] Operační program Doprava na léta 2007-2013. Ministerstvo Dopravy, listopad 2009, s. 65,
- [17] Česko. Zákon č. 13/1997 ze dne 1. února 2010 o pozemních komunikacích In Sbírka zákonů České republiky, 1997, částka 3, s. 224  
Dostupná také na WWW. <[http://Legislativa-ostatni\\_uplna-zneni\\_zakon-1997-13-pozemni-komunikace.html](http://Legislativa-ostatni_uplna-zneni_zakon-1997-13-pozemni-komunikace.html)
- [18] Česko. Zákon č. 361/2000 ze dne 14. září 2000 o provozu na pozemních komunikacích a o změnách některých zákonů, (zákon o silničním provozu). In Sbírka zákonů České republiky, 2000, částka 117, s.  
Dostupný také z WWW: <http://aplikace.mvcr.cz/archiv2008/sbirka/2007/sb069-07.pdf>
- [19] Vyhláška MDS č. 104/1997 ze dne 23. dubna 1997, kterou se provádí zákon o pozemních komunikacích. Dostupný také WWW:  
<<http://www.mdcr.cz/NR/rdonlyres/B654B519-9934-4E51.../v10497.rtf>.

- [20] *Obecné nařízení ke strukturálním fondům a Fondu soudržnosti pro období 2007-2013.* [online]. 2009 [cit. 2010-20-02], Dostupný také z WWW: <http://www.strukturalni-fondy.cz/getdoc/6223bacc-da02-4f67-9575-a489bdb382d8/Narizeni-ke-strukturalnim-fondum-a-Fondu-soudrznos>
- [21] Dopravní politika na léta 2005 – 2013. [online]. [cit.2010-02-20] Ministerstvo dopravy, Dostupný také z WWW: [http://www.mdcz.cz/cs/Strategie/Dopravni\\_politika/Dopravni\\_politika.htm](http://www.mdcz.cz/cs/Strategie/Dopravni_politika/Dopravni_politika.htm) (8.12.2009).
- [22] Alokace financí v ČR pro SF a FS za období 2007-2013. [online]. [cit.2010-02-20] Ministerstvo pro místní rozvoj. Dostupný také z WWW: [http://www.cpkp.cz/regiony/file\\_download/204](http://www.cpkp.cz/regiony/file_download/204) (20.2.2010).
- [23] Dopravní politika na léta 2005-2013. [online]. [cit.2010-02-20] Ministerstvo dopravy, [cit. 2010-02-20] Dostupný také z WWW: [http://www.mdcz.cz/cs/Strategie/Dopravni\\_politika/Dopravni\\_politika.htm](http://www.mdcz.cz/cs/Strategie/Dopravni_politika/Dopravni_politika.htm)
- [24] HENDL, J. *Úvod do kvalitativního výzkumu*. 1. vyd. Praha: Karolinum : **1997. 243 s.** ISBN 80-7184-549-3.
- [25] Ředitelství silnic Zlínského kraje [online]. [cit. 2010-02-20]. Dostupné z <http://www.krajzlinicky.cz/docDetail.aspx?pm=1&nid7929...1>:
- [26] Správa silnic Moravskoslezského kraje [online]. [cit. 2010-02-20]. Dostupné z <http://www.verejna-sprava.kr-moravskoslezsky.cz/usneseni.html?s=4&t>

## **LIST OF TABLES**

Table no. 1: Used vehicles for individual system of transport

Table no. 2: Overview of roads in Zlín region

Table no. 3: Costs of the Management of roads in Zlín region in years 2006 – 2008

Table no. 4: Revenues of the Management of roads in the Moravian-Silesian region in years 2006 – 2008

Table no. 5: Overview of roads in the Moravian-Silesian region

Table no. 6: Organisation costs in years 2006 – 2008

Table no. 7: Organisation revenues in years 2006 – 2008

## **LIST OF GRAPHS**

Graph no. 1 Costs of the Management of roads in Zlín region in years 2006 – 2008

Graph no. 2 Revenues of the Management of roads in Zlín region in years 2006 - 2008

Graph no. 3: Organisation costs in years 2006 – 2008

Graph. no. 4: Organisation revenues in years 2006 – 2008

## **LIST OF DIAGRAMS**

Diagram no. 1: Division of roads

Diagram no. 2: Ownership of roads

Diagram no. 3: Flows of Zlín region

Diagram no. 4: Sources of financing of 1<sup>st</sup> and 2<sup>nd</sup> class roads in Moravian-Silesian region



## SUPPLEMENTS:

### *Respondent 1*

Name: Mária Kunčíková

Age: 39

Education: university, degree Ing.

Occupation: economic deputy of the Management of Roads in Zlín region

Length of work experience: 12 years

I have discussed the topic of my thesis „Comparison Of Financing The Administration Of Road Transport In Particular Regions” with Ing. Mária Kupčíková, economic deputy of the Management of Roads in Zlín region. Regarding the system of financing of roads Mária says that basic presumption for dividing finances into individual sectors is sufficiency: *„Basic criterion, in my opinion, is sufficient number of financial resources to ensure practicability, especially in winter period and to repair and maintain public road network, to minimize deterioration in quality of this network.”* Concerning the development of technical evaluation, modernization and investment building, Maria adds: *„We start from a long-term look up and mid-term plan of reproduction of possession in proprietorship of Zlín region.”* Advantage in financing of roads (2<sup>nd</sup> and 3<sup>rd</sup> classes) is according to Maria that till now the public road system has been financed in such range that it has not contributed to deterioration of state of public road system. On the other hand, in her opinion, the disadvantage is that *„the financial resources are not big enough to increase the quality of road network.”* I had to ask where do they gain finances for repairing, maintenance and development of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads: *„Basic resource is the budget of the founder (Zlín region), who is the owner of these roads. Another source is the State Fund of Transport Infrastructure, state budget and now also structural funds of the EU.”* Mária complains that because of traffic rating of public roads and also due to lack of the 1<sup>st</sup> class roads and motorways in Zlín region are these finances insufficient. To obtain finances for the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads, the Management of Roads in Zlín region has to work out budgetary requirements of the following year. Regarding the investment grants, they are sources of the region which is the founder. The founder has created a contributory organization for both common repairs, maintenance of roads and investment

building. The financial sources of Zlín region are used for investments – investment grants of the founder and for non-investments – working funds, connected with common and winter maintenance. Maria adds that *„there can be grants also from different ministries, e.g. on a treatment of an alley – grants from the Ministry of Agriculture, where in 2007 Zlín region got a grant for cutting an alley. In 2008 we got a grant from Ministry of Local Development for removing damages after floods.”* Then we can say that every year we get the same financial resources. *„Yes, there is a slight increase,”* adds Mária. While applying for finances you work out a proposal stating what is needed. Mária says that, *“the whole proposal is about communication, it has happened to us that we had to alter the proposal eleven times. I can’t say they give us less money, every year there is a slight increase.”* Whether the finances for maintenance are increasing, we cannot definitely confirm. *For example, in 2008 we had less money than in 2009, but this was caused due to the fact that in 2008 we got extra money for removing damages after floods. Generally the budget has been increasing in 1,5 - 2,0 %.*“ Mária also says that concerning the finances for development we have to take into account from how many sources the organization gets the money from in particular year; from the budget of Zlín region the number during drawing the money is constant.

The region also has its own financial resources, which consist of sales of material, lease of land on cross-cut, special usage of roads, and so on. *„Regarding finances, we didn't have any problems with the region”.* If we succeed to ensure high investments, we are able to do, for example, a new road surface, into which we won't invest in the following five or six years. But if there is not enough money, we have to stick road holes and such repairs do not last long and this is vicious circle.

For the question whether the system of financing the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads is perfect or not, she says that there are never enough finances. And she adds: *„Regarding the fact that the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads are owned by the region, it is the region that decides how much money and into which sector it will be invested.”* Her personal opinion about financing roads is that *„it would be better to have more money, roads deserve it.”*

## ***Respondent 2***

Name: Miroslav Schenk

Age: 53

Education: university, degree Ing.

Occupation: economic deputy of Road Administration of Moravian-Silesian region

Length of work experience: 25 years

Since the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads are owned by the founder, which is since 2001 the region, the sources for their repairs and building are allocated by the region. Whether are these resources sufficient, Ing. Miroslav Schenk says: „ *Regarding common deficit in needs for investments to the road-traffic infrastructure these resources aren't sufficient*". The region has set up a contributory organization, to look after its possession, roads in proprietorship of the region. The finances for the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads are divided due to the budget of the founder. The region gets money for the road infrastructure due to certain coefficients from budgetary determination of taxes from state budget. „ *The municipal council of the region decides about the real amount that will be allocated to the budget.*“ adds Miroslav. Allocation of financial resources we can divide into two categories – for maintenance and for investments. „ *Financial resources for maintenance are essentially the same, every year there is winter and every year there is summer. And we have to clear snow each year and cut the grass as well.*“ In the region there is department of transport that will outline where and what the problem is and accordingly the Road Administration in Moravian-Silesian region gets money. „ *If winter is long, then I have less money for summer maintenance, we get money and we have to contrive with it* ,“ adds Miroslav sadly.

Organization does not apply for the financial resources, because the possession is of the founder and he decides about the sum of money for maintenance, repairs and building. Since the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads were given to regions, it has been invested a lot into the infrastructure.“ *But still it is not enough.*“ Regarding investments, there is the so - called White Book, in which activities are being approved – plan of development of road network. „ *White Book is complex material of Moravian-Silesian region that systematically maps state of the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads in the region and evaluates needs for investments, reconstructions and modernizations in this road network through*

*particular transparent criteria.*“ In its conception it is a material that is according to demands of the Moravian-Silesian region processed and regularly updated by the Road Administration of the Moravian-Silesian region, whose economic deputy is Miroslav Schenk. For the question whether the organization has any reserves he answered: *„I have to do everything to contrive with the money given.“* And he further adds: *You cannot give responsibilities to a region without creating economic conditions for executing duties.*“ In his opinion regions should get money directly from the state budgets and it should not be allocated by State Fund of Transport Infrastructure as it is nowadays. For the question about financing he answers that: *“We cannot speak about system, the resources depend on the budget of the founder.”* Eight years ago it was said that negligence on road infrastructure was 3 billion Czech Crowns *“Yes, it is true. And if they had given extra 3 billion at that time the infrastructure would have reached zero.”* Because the negligence of road infrastructure is really high, it is necessary to increase finances for this infrastructure. *„Still we cannot say that it is sufficient just to maintain the roads,”* adds Miroslav. Deficit of road infrastructure is decreasing very slowly or it is rather levelling off. The biggest problem is with the 2<sup>nd</sup> and the 3<sup>rd</sup> class roads and bridges in Moravian-Silesian region. Bridges are in disrepair. We have money on one pile and we have to contrive with it. If the winter is long, we have to clear the snow all the time and as a result we have minimal resources for summer. *„Everything depends on the founder, the more money he has the more he can allocate.”*