

**Policy Statement from the
Government of the Czech Republic**

4th August 2010

Preamble

On the basis of a mandate from citizens of the Czech Republic granted in the elections to the Chamber of Deputies of the Czech Parliament on 28th and 29th May 2010, the coalition government comes before this legislative assembly with its Policy Statement. This Policy Statement contains the vision and tasks of a government which is aware of its responsibility to implement deep structural reforms of public systems, to lead the country successfully through the turbulence of the global economy of which we are an integral part, to retain and strengthen the democratic values of the Czech state and to protect the freedoms and individual rights of our citizens.

The government is convinced that the instruments which it intends to use to meet these goals and to which you will now be introduced are appropriate and correct and will lead to further development of the country. I believe that you will identify with these proposals and will support this government of budgetary responsibility, a government of the rule of law and the fight against corruption and that you will give it your mandate to start work on these tasks.

Our country is not in an easy position. The global crisis has demonstrated the vulnerability of every economy, and has revealed the errors made by political leaders in times of apparently continuously sustainable growth and certainty. It has made quite clear that living on debt is not possible long-term, not only within a family, but also within the confines of states. The price which citizens of many countries must now pay for this recklessness, is high.

The Czech Republic is now at a crossroads. Either, figuratively speaking, we pull on the emergency brake and stop the deepening negative trends, in particular state indebtedness, the long-term disfunctionality of key public systems such as the pensions system and health care, we start to cut out the cancer from society - corruption, and improve the competitiveness of our economy, or we fall gradually among those countries of whom it is known that they are unable to deal with their own problems and are threatened with painful remedial measures which are no longer completely under their own control.

Our government wishes to go down the first of these roads. We will not hide our heads in the sand over problems which many still do not see, or do not wish to see, because they are not yet so pressing, leaving someone else to solve them tomorrow. For this reason we are not resigned to deficit state financing, even if we hear voices belittling this fact by pointing to the much higher indebtedness of countries which are comparable to ourselves. Nowadays we can follow the consequences of such an approach quite literally live on television. We will go hard for reform of the pensions system, even if many console themselves with the thought that the present state of affairs can go on for another couple of years. We do not wish our children to one day reproach us with our lack of responsibility towards future generations. We will support the spirit of enterprise and initiative because we know that only the business sector, not the state, creates society's wealth.

Our country is part of supranational political structures, in particular the EU and NATO.

The government is aware that these memberships are fundamental for the Czech Republic for its long-term security, stability and international standing. The government will continue to develop these links and will actively participate in projects to improve the security, predictability and stability of the international community and the Czech Republic with it.

The government will implement its policies in the long-term interests of the citizens of this country and the generations who will follow us. We wish to work together on this with all who share the same interest. We are ready for dialogue and will not shirk our responsibilities.

Introduction

In its Policy Statement the government has set out a whole series of important tasks, each of which is significant and is irreplaceable. It is nevertheless necessary to emphasise key

projects which make up the main theme and purpose for the existence of a government of budgetary responsibility, a government of the rule of law and the fight against corruption.

We consider the following measures to be the government's main tasks

- The reform of public finances with the aim of stopping rising public debt and setting the parameters of budget policy so that balanced state budgets can be achieved by 2016 To adopt a package of reform measures leading to the modernisation and improved efficiency of the healthcare system
- To implement reform of the tertiary education system
- Adopt measures leading to a fundamentally higher level of transparency in the area of public contracts and measures reducing the scope for corruption in the public sector.

I. State budgets, compulsory expenditure, the social and pensions systems

State budgets

The government, aware of the seriousness of public debt and the state budget deficit for the functioning of the state and the Czech economy, undertakes to conduct reform of the public finances, the pensions and health and social security systems, respecting the preservation of dignity of life of all groups within civic society, including those most in need. One of the basic tasks for the government is the thorough consolidation of public budgets aimed at balancing them, that is a situation where the state will no longer need to borrow to finance its current operations. Based on an assumption of economic growth the government intends to achieve this goal in 2016 with a state budget deficit of a maximum of 3% of GDP being achieved at the latest by 2013.

The government will secure this through the following steps:

1. It will submit a constitutional act on budget discipline and responsibility.
2. It will create a National Budget Council which will verify the expenditure framework of the budget and proposals which affect the budget. Without the Council's opinion it will not be possible to debate any proposed legislation.
3. It will implement further measures:

As part of a second reading it will not be possible to submit proposals leading to higher expenditures than were assumed by the appendix to the first reading.

Next year the government will reduce the value of wages within state organisational units and in state-aided organisations by at least one-tenth, with the exception of teachers. This does not mean an automatic reduction in salaries. The government will leave it within the remit of individual ministers as to whether these savings will be achieved by a reduction in salaries, through redundancies or through a combination of these. For a further three years the value of salaries will not increase which will constitute pressure to improve the efficiency of public administration.

Rigorous savings in the remaining operational costs of state organisation units and state-aided organisation will lead next year to their reduction by a minimum of 10%

The salaries of public officials will be reduced by 5%

There will be a gradual reduction in the contribution per parliamentary seat for political parties by 10% and from 2014 the contribution per vote will be reduced by the same proportion. Political parties will draw contribution to their activities which is a fifth lower.

State support for buildings savings will be limited to half for all existing and newly concluded contracts. For new contracts the use of the money saved will be exclusively for the purposes of housing.

In the General Treasury Administration chapter the government will reduce the value of funds by one-tenth with the exception of building savings, health insurance, payments into the EU budget, expenditure on commitments arising from international contracts for the receipt of help from the EU budget and payments to international financial institutions, where independent development is assumed.

The government will proceed to higher taxation of lotteries, all games of chance and to the elimination of exceptions in this area. The incomes of companies doing business in this area will be subject to a standard rate of 20% This tax will go to the state treasury. Regulatory powers in this area will be strengthened.

The government will introduce the taxation of fixed compensation paid to deputies, senators, the President and of certain contributions of the armed services. The government will

prepare an analysis of tax amnesties and will extend the period for the assessment of tax from the current three years to five.

Senior citizens receiving old-age pensions who also have incomes exceeding three times the average national wage will have these incomes taxed.

Reduction in the administrative burden, support for business, simplification of legislation.

The government will quickly complete the Single Payment Point (Czech: JIM) project for taxes and deductions (social and health insurance), which will reduce state costs and save time and money for taxpayers. Audits will be conducted only by the JIM. The setting up of a State Treasury and implementation of Accounting Reform for Public Administration will contribute to greater transparency of financial flows and greater efficiency in decision-making processes.

The government will submit a new act on income taxes, which will render more transparent and significantly simplify the tax system, reducing administrative costs for the state and taxpayers. It will repeal most current tax allowances with the exception of support for science and research, families with children, accountability for the weak and needy, home ownership and responsibility for one's own training and old age.

As part of this act there will be unification of the bases for individual public deductions and elimination of the vast majority of current tax allowances on the basis of equal treatment of all taxpayers. Unification of these bases will not increase the overall deductions of the self-employed.

The government does not wish to increase income tax progression for individual taxpayers. The government will eliminate the regression for this tax over the ceilings for social and health insurance deductions by 2012 in connection with the pensions reform and the new Act on Income Tax.

It will convert inheritance and gift taxes into income tax.

Expenditures over 1 million crowns will be published on the internet. State expenditure will be transparent and under the public's scrutiny.

Financing the communal sphere

The government will submit a draft Act on budget purpose on the basis of an intensive discussion with representatives of local authorities - the Union of Towns and Villages, the Society for the Countryside Renewal, the Association of Local Authorities and others. The outcome of this will be a careful analysis of the costs of delivering public administration in local authorities at all levels. The government will also discuss the parameters, hitherto not taken into consideration, for local authorities' share of taxes, such as the existence of a school, height above sea level or negative impacts of the environment. It is the government's interest also to increase the financial motivation of local authorities to improve the entrepreneurial environment in a given authority.

The government's aim is to have a long-term stable agreement which by legal means will set local authorities' incomes such as to reduce the current discriminatory difference in income per head of population between the "poorest" and "richest" towns/villages, and to match the situation in the developed countries of the European Union.

The income basis for towns/villages will be strengthened especially at the expense of state grant-aid programmes from which development programmes in towns/villages have been financed up to now, somewhat inefficiently. On the expenditure side it will be possible to free up finances by the rigorous simplification, indeed the cancellation of costly administrative agendas.

Privatisation

The government will proceed very carefully in privatising companies which have state involvement.

It will not continue with the privatisation of companies which have state involvement of strategic significance (ČEPS, Řízení letového provozu - *the National Electricity Grid, Czech Air Navigation Services*) In ČEZ the state will retain strategic control, that is a qualified majority of votes at the AGM.

The social and pension systems

Social benefits, support, contributions - their increased efficiency

There will be a reduction in a socially sensitive manner in some forms of social benefits, support and contributions with the goal of making their use more efficient and limiting abuse. For all types of social benefits, support and contributions their payment will be conditional on a affidavit from the applicant that without this support from public funds he or she cannot manage. Payment to applicants will be strictly linked to ensuring their children attend school regularly.

The government will retain the reimbursement ratio for sickness insurance at the 2010 level, i.e. at 60% for two months illness. It will extend the reimbursement of sickness payments by the employer from the current 3 + 7 days (waiting time + number of days reimbursed by the employer) to a new figure of 3 + 12 days which will apply for 3 years. Subsequently this will revert to the state which applies in 2010, i.e. 3 + 7 days. In this regard the government will consider measures which would reduce the impact on small businesses with fewer than 10 employees.

The social conditions allowance will be abolished. The maternity grant will be paid for the first child only and only in families having an income less than 2.4 times the defined minimum subsistence level. The value of parental contribution payable over 4 years will be reduced as to be in total the same as parental contribution payable over 2 years.

The contribution for care at level 1 will be reduced to 800,- CZK / month, which matches the actual costs for care for such persons. The corresponding fiscal saving will as required be achieved by a similar measure consisting of more targeted differentiation of level 1. In assessing people applying for a contribution, particular care will be taken to have the contribution made to the person who is the subject of care and not the carer.

The value of hardship benefits will be flexed more according to the applicant's activities.

The government will put through an expansion of in-kind payment of social hardship benefits to include other benefits where this is necessary to safeguard the interests of children. It will also address the possibility of the abuse of benefits, for example on gambling or alcohol.

The government will tighten its stance towards non-payment of rent and procedural fines. If such persons are in receipt of social benefits and support, the debt will be deducted directly from these. There will be an expansion and simplification of the use of the institution of special recipient, permitting the handing over of a proportion of benefits directly to creditors.

The government will attempt to have towns/villages continually and more consistently conduct field investigations in households receiving support and verifying the veracity of data given in benefit claimants' applications. It will fight for towns/villages to be able to use part of the proceeds from withdrawn or undistributed benefits on special social assistance for the needy.

The government will tighten conditions in unemployment support, which will be tied to the activity of the unemployed. It will reduce support for the unemployed who give notice in their job.

Pensions system

Until a reform of pensions is undertaken the government will ensure that pensions are inflation-indexed in line with the conditions given in the current legislation. It will propose changes in the design of newly awarded pensions and in the ceiling set for the measurement basis for insurance such that from October 2011 the finding of the Constitutional Court which abrogates §15 of the Act on Pensions Insurance is observed.

Pensions reform is a priority for the government. The goal is to develop a long-term financially sustainable system which will secure adequate incomes in old age, disablement and loss of a breadwinner. With this aim in mind it will be necessary to improve the diversification of incomes and the existing continuously financed basic system (which is not sustainable without further parameter reforms), topped up with options for private saving. To the greatest extent possible the government will respect the conclusions of the Expert Advisory Group of the Ministry of Finance and the Ministry of Labour and Social Affairs on reform of the pensions system, including its financing and will minimise the impact on the most vulnerable groups in society.

The government undertakes that in order to secure part of the transformation costs all privatisation income and dividends from companies with state ownership will be paid to a special account for state financial assets and used for pension systems reform, starting with the launch of such reform. In view of the significance of pensions reform and its time scope, affecting all age groups within society, the government will offer active involvement in its preparation to all parliamentary parties and social partners.

Family policy

The government will create conditions for the further development of family policy and child care, with the aim of improving the social position of the family and increasing the involvement of both parents in child care. It will support further development of child care services. To support the part-time employment of parent of children up to 6, the handicapped and people caring for the handicapped, discounts on employers' social security to the value of 7200 CZK p.a. will be introduced for each such person employed.

The government undertakes to improved the system of care for at-risk children. One of these steps will be increased incentives to increase the number of foster families, including making them a professional concern.

The government will support the development of alternatives to family care in the phase of pre-primary school education, the development of company kindergarten, alternative pre-school facilities of the kindergarten and family centre type, as well as the institution of neighbour supervision of children up to 6. The government will create the conditions for a quicker return of parents from caring to paying work.

Social services

In conjunction with local authorities the government will arrange the finances essential for the efficient and economical provision of social services and will strive for more rigorous control over their provision, including the use of contributions to care.

The government will transfer the grant mechanism for social services to the level of the regions and will stabilise the proportion of the state budget for financing social services to reflect the regions' share of their financing. It will support the continued transformation of the housing stock.

The government will maintain the network and diversity of supply of social services, including those provided by non-governmental providers.

The government will support the development of care at home for senior citizens and persons with health problems. It will therefore provide tax advantages for family members who provide home care for senior citizens and those with health problems who are more

dependent on their care. A carer will thus be able to apply for tax deductions to the same value as for child care.

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II. Health Care

The government considers health care to be one of its principal policy priorities and for this reason will not permit a reduction in the quality and access to health care and effective disease prevention for Czech citizens. Changes which will lead to the modernisation and further development of the health care system will be implemented on the basis of their long-term financial sustainability. The government's aim is to secure health care for our citizens on the principle of genuine solidarity using a modern and sustainable health service.

General changes

Public health insurance will be retained and modernised. Funds will be increased through the use of private resources, the legal framework will be made more transparent and fair competition from both providers and funders will be supported.

The government will define the scope of care paid for by public health insurance on the basis of medical criteria, the level of health problems and within the scope of public health insurance. It will also define availability in time and location for health care and will charge funders with the task of securing such availability for the insured.

These essential changes in the health care system will be of a long-term nature, and therefore the government will initiate a broad-ranging discussion on its reform, with the involvement of all the parliamentary political parties.

A patient's rights and control of his behaviour

The government will promote strengthening of patients' rights. It will ensure equal access to care paid for by public health insurance, genuine solidarity of the healthy with the sick and will define clearly the role of the state.

The government will support prevention in the form of positive motivation of the insured by health insurance companies and prevention of dependence including smoking, and protection for non-smokers. The government will propose an Act providing a comprehensive solution to the effects of noise on health.

The government will propose a change in the system of regulatory charges. The charge per item for a prescription will be abolished and replaced with a per prescription charge and the exclusion of so-called cheap medicines from reimbursement by public health insurance. The regulatory charge for hospital stays will come closer to the actual costs for so-called hotel services. Subject to their quality this will be a minimum of 100 CZK per day of treatment. The charge for visiting a specialist without a recommendation will be increased.

The government will assess on an ongoing basis the social risks and impact on individual groups within the population.

Every health-care facility which has a contract with a health insurance company for the provision and reimbursement of health care will be obliged always to offer people that to which they are "entitled", i.e. a health care option fully paid for by public health insurance.

The government will be particular about thorough compliance with the various articles of the Convention on the Rights of the Sick.

Health care providers, training and employee remuneration

The government will create the legal framework which will enable the transformation of teaching (faculty) hospitals into university hospitals and all state-owned health-care facilities to be efficient and operate with a balanced budget.

The government will expand the electronification of health care, in which it sees a tool to increase the transparency and efficiency of the health care system, to limit the scope for corruption and to improve the health and awareness of our citizens of the availability and

quality of care. It will introduce transparent waiting lists for the various kinds of health care. A centrally coordinated Emergency Medical Service will be introduced, defined under a separate Act.

The government will complete the reform of the training of health-care employees. Funds to finance pre-graduate training will be arranged by the Ministry of Education and will not incur costs for public health insurance. Postgraduate teaching will be entrusted to universities with a health-care focus. Ongoing (lifetime) professional training will be organised by the professional chambers, specialised societies and universities.

Ministry of Health accreditation will be awarded for postgraduate and lifetime training.

The government will propose such changes in the remuneration system within health care as will inter alia permit the improved incentivisation of employees to complete their postgraduate training. Salary bands will be adjusted or abolished. The government will increase the authority of non-medical staff.

The government will set out clear, transparent and effective conditions for concluding contracts between health insurance companies and health care providers.

The authority and accountabilities for primary care, and the authority of non-medical health-care professions will be strengthened. Similarly quality and safety controls over health care and health-care facilities will be improved. The government will complete the transformation of bodies responsible for protecting public health.

Funders of health care, health insurance companies

The government will promote a larger role and accountability of health insurance companies in decision on the reimbursement of medical preparations and health-care remedies.

It will initiate the merger of the insurance companies of the Ministry of the Interior and the Ministry of Defence, and will also introduce transparent rules for the merging of other health insurance companies. It will strengthen the supervision and audit of health insurance companies, their management and their securing of entitlements for the insured.

The government will arrange a fairer, multicriteria allocation of insurance premiums to public health insurance and adherence to the principles of transparent public competition in the purchase of care (services) on the part of the health insurance companies.

The government will change the conditions of the current system so as to permit the quickest possible introduction of the institution of real pricing, to replace the present opaque points system. The government will implement the categorisation of health-care remedies so that they are reimbursed from public health insurance on the principle of references and also on the principle of "similar payment for similar effect".

The government will introduce generic prescription and substitution for medicines paid for in full or in part by public health insurance. Each group will contain one medicine not bearing a surcharge. The system of sickness insurance will be transferred to the health insurance companies.

In conjunction with specialists, the government will define long-term health-social care and will propose the introduction of an integrated system of health-care and social services, including its financing mechanism. It will support long-term care in patients' homes, field and outpatient services adapted to the needs of the patient, as an alternative to long-term institutional care. It will support the development of palliative and hospice care.

III. Foreign Policy, the European Union, Defence

Foreign Policy

The primary goal of the government's foreign policy is to assure the security and prosperity of the Czech Republic and its citizens and seeks a stable international system based on peace, security, sustainable development and human rights. In pursuing these goals the government will cooperate actively with all relevant partners, especially countries of the region of Central Europe. In this it will work from the interests of Czech citizens and values which are the basis of the Czech state and the principles of international cooperation. As a reliable partner the government will honour the obligations which accrue to the Czech Republic from its membership of international organisations, particularly NATO and the EU and from international agreements. Even with the need to apply savings measures, the government will meet its financial obligations to key international organisations.

In the interest of improving the good name of the Czech Republic in the world, the government will strive for a responsible foreign policy based on continuity and the broadest possible domestic political consensus.

The Czech Republic will promote an self-confident, active, realistic and sensitive policy within the European Union. Its basis will be an active assessment of events within the EU and subsequent intensive coordinated promotion of Czech interests within the individual sector policies and within the emergent European Internal Affairs Service. The government will speed up procedures for negotiating and adopting Czech positions, including the involvement of the European committees of both Chambers of Parliament. The government will argue for the quickest possible practical implementation of the individual provisions of the Treaty of Lisbon, including ratification of Protocol No. 30 when ratifying the next accession agreement.

The government will actively contribute to a coherent and effective Common EU Foreign and Security Policy. In the area of EU foreign policy, the government considers as priorities a strong transatlantic connection, relations with the countries of Eastern Europe (with emphasis on the Eastern Partnership policy) and the western Balkans (in particular the integration of the countries of the region into the EU) and support for democracy and human rights throughout the world. The government also attaches great importance to EU expansion, on the condition of maintaining the current accession criteria.

A basic pillar of Czech security is its membership of the North Atlantic Alliance, which is the embodiment of a strong transatlantic connection. The government will strive to retain the character of NATO as a collective defensive grouping which assures the security of the territory and the citizens of its member countries. At the same time the Czech government is aware that the Alliance must be able to react to new types of threats and adapt its capabilities and forces accordingly. The government will therefore participate actively in discussions on NATO strategic documents and will comply with their conclusions. The government will support the NATO expansion process for those countries which are interested in membership and are sufficiently prepared for it. In implementing Czech security policy, the government will also devote attention to the shaping of the Common EU Foreign and Security Policy.

The development policy of the Czech Republic, in accordance with the adopted concept for Czech foreign development cooperation, will continue to attempt to eliminate poverty in the less developed areas of the world, through sustainable socio-economic development. In conjunction with its transformation policy, it will support the development of democracy, respect for human rights and fundamental freedoms and the strengthening of the rule of law as the basic prerequisites for stability and prosperity in partner countries, and will at the same time contribute to the strengthening of international security, the prevention of conflicts and illegal migration. The government will be actively involved in proportion attempts to meet the Millennium Development Goals and to solve global challenges in the development area. In its efforts the government will cooperate with non-governmental organisations.

The government considers support for human rights and fundamental freedoms as one of the high-profile themes of Czech foreign policy. For this reason it will actively devote itself to topics where the Czech Republic has gained an undisputed reputation, such as support for the development of civic society, a champion of human rights, freedom of speech and the media, the building of the rule of law and democratic institutions. In international organisations it will focus on supporting the independence of UN monitoring bodies and the credibility of the international system for defending human rights in general.

An important part of foreign policy is promoting and defending the economic interests of the country. The pro-export policy will be focused on rapidly growing markets while taking account of security interests. The government will also attempt to increase the number of our experts in international organisations and agencies.

The government will focus on rationalising the system of foreign agencies of the Czech Republic and the trade sections of our representative offices, with the aim of preventing duplication of activities and in an efficient manner improving the presence of the Czech Republic in those areas of the world which offer good prospects for Czech exports.

The government will pay attention to public diplomacy and will unify the presentation of the Czech Republic abroad.

Czech foreign policy will also provide support for science and research, inter alia through active negotiation of the relevant chapter of the next EU financial outlook. The government will support attempts to create international research centres in the Czech Republic.

The government will prepare a new foreign policy concept along with the new Czech Security Strategy, with the purpose of defining the Czech Republic's strategic goals and the basic characteristics of its foreign policy, while assuring the greatest possible degree of continuity.

Following on from this Czech foreign policy concept, the government will undertake reforms in support of professional performance and stabilisation of our foreign service, while retaining sufficient flexibility in respect of the changing international environment.

The European Union

The priority for the government's work in the European Union will be the rigorous promotion of the Czech Republic's interests and those of its citizens, based on efficient domestic coordination of stances applied in European Union bodies. The Czech Republic's priorities must be comprehensible not only to our own citizens, but also to our European partners. An active, concept-based European policy for the Czech government will therefore be based on the Concept for the Czech Republic's Work in the EU, which will define the basic framework and priorities for its medium- and long-term application.

Current questions of priority significance for the Czech Republic include in particular further EU expansion, securing the energy requirements of the EU, negotiations to revise the budget and the financial outlook, increasing EU competitiveness linked to the liberalisation of the internal market and external trade policy and negotiations on the coordination of economic policies and fiscal stability.

The government will make more effective the process of adopting government positions on legislative and significant non-legislative proposals within the EU. Increased emphasis will be placed in justifying the indispensability of adopting each legislative proposal from the point of view of the subsidiarity principle.

With the aim of improving the external energy security of the Czech Republic, the government will support further diversification of energy sources and transit routes for energy, and will push for the development of a unified European energy policy which takes account of the potential within the options of the individual member states.

The government will push for further liberalisation of services within the EU and for the elimination of the remaining barriers to the free movements of persons, goods, services and

capital. It will support imported labour market flexibility and the dismantling of excessive legislative regulation, as well as administrative burdens. The government will also approach with prudence the adoption of further legislative commitments in the area of the environment which might weaken the competitiveness of the European economy.

In further negotiations on closer coordination of economic policy the government will be particular about the rigorous application of the principles of subsidiarity and proportionality. At the same time it will support adherence to the rules of the Stability and Growth Pact, including any sanction for infringing them, on the assumption of maintaining equality between member states. The Czech Republic will not however support any proposals which lead to the suspension of member rights as a form of sanction.

During negotiations for the new EU fiscal period 2014 - 2020 the Czech government will promote the retention of the Union budget at a level of 1% of EU GDP.

The government will promote the allocation of sufficient funds for structural and cohesion policy and will at the same time champion the simplification of the drawing down of funds from the structural funds. It will strive to have the financial outlook create the prerequisites for further modernisation of the infrastructure of new member states and for support for EU competitiveness in the areas of science and research, energy and transport.

On the Common Agricultural Policy, the government will insist on the equalising of conditions for farmers from the old and new member states. It will support a reduction in expenditure on the Common Agricultural Policy and the gradual dismantling of customs barriers in accordance with the rules of the World Trade Organisation.

Having regard to the principle of subsidiarity and the existing varied historical and cultural traditions of member states, the government will not support further expansion of legislative harmonisation in the fields of social, family and cultural policy, nor in the area of tax policy. Nor will support any further expansion of the open method of coordination in the social field, since this method disproportionately disrupts the balance between executive and legislative authority in favour of the executive.

In the area of primary law the government will promote all steps securing the maintenance of equilibrium between the principal EU institutions: The European Council, the Council of the EU, the European Parliament and the European Commission.

In the event of fundamental institutional changes in the EU requiring a change to primary law, any shift of powers from the Czech Republic to the EU will be confirmed by referendum.

The basis of the economic policy of the Czech Republic within the EU must become the assessment in its initial phase of the impact of nascent European legislation on the domestic economy, permitting timely formulation of the Czech Republic's position and active influence on the further legislative process within EU institutions. An initial prerequisite for supporting the growth of the international competitiveness of the Czech Republic is allowing companies to make full use of the potential of the EU internal market. Within the EU the government will campaign for the dismantling of protectionist barriers.

The basis for a successful European policy is its thorough internal coordination particularly in the area of strategic goals and preparation for meetings of the European Council. This coordination will be in the purview of the Prime Minister and will be implemented through a section reporting to him, which will cooperate closely with the Ministry of Foreign Affairs. The position of this section will be set out in the Act on authorities.

Defence

The government will strive for a confidential and transparent defence policy with the aim of securing adequate defence capability for the Czech Republic and security for its citizens.

The government considers active involvement in the North Atlantic Alliance system of collective defence as a fundamental starting point for assuring our defence against present

and future security threats. Defence policy will also continue to depend on strong transatlantic connection and the development of intensive international defence cooperation with partner countries.

The government will support the development of the crisis management capabilities of the European Union with a suitable combination of its civil instruments and military capacity, while promoting the closest possible cooperation between the EU and NATO. In the running of military operations, civilian missions and when building military capability in both organisations the government will promote a complementary approach securing the maximum efficiency of deployment of national and joint resources, harmonisation of the efforts of both organisations and above the elimination of duplicated effort.

In the interests of continuity in security and defence policy the government will promote the securing of the widest possible consensus of democratic political parties.

Following on from the approval of the new NATO Strategic Concept by the heads of state and governments at a summit in Lisbon this coming autumn and having regard to the overall development of the international situation, the government will update the Security Strategy for the Czech Republic. The Ministry of Defence will also prepare the White Book which will be the basis for preparing the new Defence Strategy for the Czech Republic, linked to the Security Strategy for the Czech Republic.

In the interests of pre-empting security threats and risks, the government will actively engage in international activities aimed at strengthening confidence and security, arms control regimes, disarmament and the non-proliferation of weapons of mass destruction. At the same time it will support the involvement of the Czech Republic in international programmes to build capabilities able to face, or where possible prevent, these new threats and risks.

The government will prepare, and then propose to the Czech Parliament for its approval, plans for participation in foreign operation and missions to an extent consistent with the financial abilities and scope of the Czech Republic. Participation in foreign operations will be outlined with the knowledge that through its membership of NATO, the EU, the UN and other international organisations, the Czech Republic takes on a commensurate share of responsibility for meeting the collectively adopted decisions. With the aim of creating a stable planning environment and securing transparency of the Czech Republic's plans in respect of its allies and partners, these proposals will be submitted for a period of two to three years.

The government will optimise the capability of, and deepen the collaboration of elements of the Czech Integrated Emergency System and within it, create the conditions for maintaining the existing capability of the Czech Army so that the protection of lives, the health of the population and property can be secured to the maximum extent possible in the event of natural disasters or industrial accidents.

The government will support measures leading to improved efficiency in the preparation, instruction and training of personnel in the armed forces. The government will also initiate the legislative changes which are essential for creating the corresponding prerequisites for the stabilisation of trained personnel, the codification of conditions for their career prospects and the development of conditions to provide the relevant social background. The government will replace the current contribution to housing costs with another system, which will ensure its direct allocation to selected groups of members of the armed forces.

The government will continue the process of further developing the armed forces' capability with the consistent application of the principles of civil management and securing the maximum effective use of committed funds. It will in particular support those programmes which lead to improved deployment and sustainability of forces in operations and their interoperability with our allies in the long term.

The government will ensure that in a corresponding manner control of Czech airspace will be secured long-term in the sectors of reconnaissance, active resources and command and control systems.

In accordance with the current requirements for development of the armed forces and having regard to financial constraints, the government will support an accelerated rationalisation of the command and control system of the armed forces, which must at all levels correspond to the current needs and existing scale of the Czech Army. Concurrently it will support an analogous rationalisation of the organisation structures of the Ministry of Defence. This process will be led at the same time by the effort to achieve an appropriate reduction in movable and non-movable (real estate) infrastructure.

The government will support measures leading to a reduction in operational expenditure, neglect of essential real estate infrastructure and obsolescence of movable assets, and will advocate the maximum possible elimination of secondary costs when acquiring assets and services needed to secure the defence and security of the Czech Republic. On an ongoing basis the government will promote a higher degree of transparency in the area of public contracts and will periodically report on these tenders on a summary basis to the relevant committees of the Czech Parliament. The government will work to have the Ministry of Defence implement direct purchases without the use of intermediaries. The government will implement defence policy within narrow inter-departmental (inter-ministry) cooperation.

In spite of the temporary reduction in defence expenditure the government undertakes in fiscal 2011 to secure stability of funding for the coming years so that the basic needs of defence of the Czech Republic are covered, as well as the armed forces capability for meeting the commitments arising from Czech Republic membership of international organisations.

IV. Legal, justice, public administration, bureaucracy and corruption

The fight against corruption

The government will focus especially on increasing the transparency of public administration activities.

To achieve this goal, the government, by means of a legal amendment, will set out clear standard rules and optimum tools, including the introduction of compulsory Regulation Impact Assessments and Corruption Impact Assessments.

The government will also attempt to increase the standardisation of procedures within public administration and the setting up of clear systems and rules.

The government will also submit a comprehensive legal amendment of lobbying, improving the transparency of the legislative process, strengthening the audit powers of the Supreme Audit Office in respect of territorial local authorities, tightening audit conditions for the treatment of property of legal entities controlled by the state or local authorities, the introduction of a central register of notifications in accordance with the Act on Conflicts of Interest, embedding the accountability of local authorities for preparing and publishing their own code of ethics.

In the administration of companies owned by the state or local authorities the government will prepare amendments of the relevant Acts with the aim of significantly tightening the selection of suitable state representatives and regularly publishing information on their remuneration. The government will ensure the publication of information on voting in matters of handling state assets, public tenders, grants and subsidies.

Similarly it will set out to determine voting rules in local authority bodies in matters of handling state assets, public tenders, grants and subsidies.

In the fight against corruption the government will focus on efficient prevention of corruption and a reduction in opportunities for corrupt practices, improved transparency in all processes and strengthening the options of the state for penalising corrupt practices, including increased punishments for corrupt practices.

Through an amendment to the Criminal Code the government will increase punishments for corrupt practices, particularly by public officials. The government will press for a clarification of the institution of cooperating guilty party (state witness) so that in exceptional cases, particularly in serious cases of organised crime, complete immunity can be granted.

The government will introduce the institution of "reliability tests" for persons operating in public bodies. It will arrange the publication of a manual for persons who will encounter corrupt propositions and are interested in cooperating on disclosing this criminal activity to bodies handling criminal proceedings, including informer protection.

On the basis of an analysis the government will submit a draft Act on the Accountability of Legal Entities at either administrative or criminal level, which is a condition for ratification of the Convention against Corruption.

Public tenders, grants and subsidies

The government considers of importance changes to the Act on Public Tenders such that there is unified filing and recording of all public tenders using tools such as the internet, and will support limiting the involvement of persons or organisations who break the law.

The history of contracts from the initial documentation, the weighting of decision-making criteria, the course of selection procedures, members of the selection committee, contracts concluded, and their completion through to invoicing will all be published on the internet. Members of selection committees for large-value contracts will be chosen by secret ballot.

Companies competing for public contracts must provide all important information concerning themselves. Companies which do not have a transparent ownership structure which is known in advance will not be able to participate in these tender proceedings.

By changing the Commercial Code we will so arrange it that neither the applicant nor the contracting authority will be able to appeal to commercial confidentiality.

The government will use modern monitoring methods for the issue of public contracts, their assessment and to improve the transparency of the whole process, giving preference to electronic tools, such as e-markets and e-auctions.

Without delay, the government will take steps committing it, along with other central public administration bodies and other legal entities, to implement central purchases of commodities in accordance with the Act on Public Contracts.

Contractual covenants based on the Act on Public Contracts will not be the subject of commercial confidentiality. The government will reduce the limit for the compulsory issuing of public tenders to 1 million, or 3 million crowns. It will put limits on restrictive qualifying requirements.

The government will work towards an amendment of the laws on grants and subsidies from the state budget, where the same principles will be set out as for public contracts, and the following in particular: An applicant for a subsidy or grant will be obliged to publish all information on its ownership, or management (organisational) structure and persons acting on its behalf.

All data on a grant and subsidy process including contractual documentation will be published at a Central Address. The government also proposes a similar amendment for grants, subsidies and gifts from the budgets of local authorities while seeking the minimal administrative burden for these bodies.

Internal state security

The government will complete the reform of the Czech Police into a modern security force. In line with budgetary constraints the modernisation of basic police structures and police equipment will continue. As in the case of the rest of public administration, the Czech Police

must above all be helpful to the public, economical in its work methods and its services for the public must be of the highest quality.

The Czech Police will primarily concentrate on help to law-abiding citizens, victims of crime and on strengthening restitutive procedures in pursuit of crime including the confiscation the proceeds of crime and their return to the original owners.

An additional aim will be to find savings in the Czech Police budget (for example, by also reducing the number of redundant jobs) Before each purchase of uniforms or equipment for the Czech Police the government will arrange for checks on the eligibility, suitability and need for these items.

The government will work for close cooperation between the Czech Police and the Ministry of Justice in the further development of information systems. Within the Czech Police there will be safe and auditable sharing of data, particularly in the fight against serious economic crime, financial crime and corruption.

After performing an analysis the government will submit a proposal to improve the efficiency of defence of public order and security at local level in larger towns, with the aim of strengthening cooperating between the Czech Police and local authorities, strengthening the influence of local authorities on the implementation of the defence of public order.

The government will strengthen the fight against the greatest current security threat, organised crime, inter alia by an amendment to the institution of state's witness, improving the sharing of information and cooperation between the appropriate sections of the Czech Police and the intelligence services. The government will arrange for the setting up of a specialised establishment within the Czech Police for searching for and securing the proceeds of crime.

The government will also continue to concentrate on the acute problems of modern society, e.g. cyber threats, terrorism and people trafficking.

The government will devote its attention to the fight against crime, and in particular, extremism, drug crime, under-age crime and crime committed against women and children, with a focus on the coordination of the bodies responsible and the timely provision of information on risk situations.

The government will submit a draft Act on General Inspection of Security Forces, which will introduce independent audits of them.

The government will deepen cooperation and equipping of the basic units of the Integrated Emergency System, including improved cooperation with the Czech Army with the aim of minimising the impact of exceptional events on the lives and property of citizens and to make the spending of public funds more efficient, including support for further equipping of voluntary firefighting services so that they can be more involved in handling exceptional events.

The government will continue to promote a responsible migration policy founded on a balance between successful integration and necessary immigration. To achieve this task, personnel and technical measures will be implemented to limit corruption and unnecessary bureaucracy in immigration (visa) work.

The government will work for tighter regulation of the work of "intermediary" agencies in the employment of foreigners, with the aim of increasing the responsibility of agencies for the whole of the stay and work of a foreigner while in the Czech Republic, including abuse of their position in the labour market.

Following on from changes already made to the legal regulations, organisational measures will be adopted to transform the services of the Foreign Police in relation to the transfer of the residential agenda to the Ministry of the Interior (making residence a civil matter). The

government will submit a new legal amendment for the conditions for the entry and residence of foreigners in the Czech Republic.

The government will present a comprehensive legislative amendment to regulate the work of non-state security services, with the aim of defining in particular the range of services provided by these bodies, to state the conditions for their licensing, set out the internal and external control mechanisms for their work and the resources which they use for their work based on the relevant authorisation and to set out the conditions of professional competence for obtaining work in these companies.

Following on from the adoption of new related procedural regulations and an assessment of the effectiveness of the new Criminal Code, the government will prepare a new Act on Infractions. The government will arrange for the submission of an amended Act on Service Conditions for Members of the Security Services.

Public administration and eGovernment

The government wishes to guarantee professional, high-quality, efficient and user-friendly public services performed by trained public servants undergoing further training. The government's aim is to improve the transparency of public administration, to eliminate duplication in the performance of various agendas and thereby to reduce public spending.

The government will bring public services closer to citizens and other bodies and will permanently reduce the economic and bureaucratic burden in public administration. Projects paid for out of European structural funds will be used for this.

Without delay, the government will take steps to prepare a concept for the optimum arrangement of public administration with the aim of developing a specialist framework for completing the reform of public administration, both at the level of central administration and to resolve current systemic problems in local authority administration. The government will look for new approaches to resolving the funding of delegated public administration and to solving the high deficit level of public finances. The government will also analyse possible steps to deal with the problems of the debts of towns/villages.

The government will seek the depoliticisation of public administration by introducing modern management principles for public authority bodies and quality management methods. The government will submit a draft unified amendment for the rights and obligations of public servants, in which the boundary between political and public service positions will be unambiguously defined and the depoliticisation, professionalisation and stabilisation of public administration secured.

The government will complete the procedural audits of selected public administration agendas and will submit a "Strategy for the Computerisation of Selected Agendas in Public Administration". The government will secure the completion of the "Basic Public Administration Registries" project and will introduce the issue of electronic identity documents. Following on from the basic registries system the government will develop the conditions for the establishment of a register/registries of infractions as a public information system with the aim of tightening responsibility for infraction recidivism including possible criminal responsibility for recidivism in selected types of infractions. At the same time it will arrange for further development of the databox and public administration contact points system from Czech POINT.

In the area of legislation the government will work to increase the quality and efficiency of the development of legal regulations, their accessibility and a reduction in the administrative burden and corruption risks. This will be done through electronisation, increasing citizen involvement in legislative development and including the results of Regulation Impact Assessments and Corruption Impact Assessment on every draft Act.

The government regards implementation of the electronic law codes (e-Sbírka) and electronic legislation (e-Legislativa) projects as of key importance; this will make it easier for

the citizen to find things in the legislation, improve the accessibility of legal sources, increase the comprehensibility of legal regulations, will make the development of the law more efficient and increase the transparency of the legislative process.

In the reduction of economic and bureaucratic burden the government will each year conduct a review of those legal regulations with a corruption risk, with regulatory or bureaucratic burden with the aim of eliminating excessive regulation. A draft proposal will also be submitted for public debate on embodying the right of citizens and other bodies to protection from bureaucracy and corruption.

The government will continue the implementation of the "universal administration" project", within which there will be a unification of procedural amendments and elimination of unjustified departures from standard administration practice.

The government will arrange for the preparation of an analysis with the aim of creating conditions for the possible direct election of mayors in small towns/villages, or in other types of local authorities. At the same time the government will prepare a draft electoral code which will deal on a comprehensive basis with organising all types of elections conducted in the Czech Republic, with the option for electronic voting in elections.

The government will also focus on preparing a new Act on Audit and a new Act on Citizenship.

The government will prepare a draft amendment of the Constitution which will permit the direct election of the President, and a draft constitutional Act on the Conditions for Declaring and Conducting a Referendum, based on the following principles: If no fewer than 250 thousand citizens submit a proposal for the conduct of a referendum on a specific question, the government is obliged to submit a draft of a Constitutional Act on this specific question to the Chamber of Deputies of the Czech Parliament no later than 90 days from the day that the proposal is received by the government; a list will be established of questions on which a referendum may not be called.

The government will introduce the so-called sliding mandate for Deputies in the Czech Parliament, as well as the principle of a constructive vote of no confidence in the government. In addition the government will adopt measures to render the funding of political parties more transparent, and the government will also consider the possible introduction of limits on election campaign spending.

Justice

The government's priority in justice is the recodification of civil law in a new Civil Code, which will unify the current fragmented amendments, of which the majority come the legislative wave of the 1960s. The government will focus on finishing and resubmitting the new Civil Code, together with which it will propose a new Act on Companies and Cooperatives and an Act on International Private Law.

Following on from the newly adopted Criminal Code the government undertakes to submit new Rules of Criminal Procedure.

The government will focus on continuing the electronisation of justice, especially the so-called databox project, the introduction of electronic criminal proceedings, electronic court records and electronic publication of case law. The electronisation of law development (e-Legislativa) and the project for a free, publicly accessible electronic digest of laws (e-Sbírka) will both be completed.

More efficient justice requires the amendment of a number of legal regulations to make its operation easier, to prevent legal disputes, and also to make legal aid more affordable. For this reason the government undertakes to submit a new Act on Mediation in non-Criminal Matters and a new Act on Free Legal Aid, with the compulsory involvement of those training to enter the legal professions. Based on actual analysis, the government also undertakes to

implement measures to reduce excessive court agendas and in some cases to withdraw the decision-making powers of courts, for example by transferring these powers to another state or non-state body or organisation, or if they are redundant to abolish them.

The government wishes to resolve the chronic overload on the Supreme Court by limiting reasons for appeal and by emphasising its role as a unifier of case law.

The government will further focus on shortening the time for certain kinds of court proceedings while retaining the equal standing of parties in a dispute, such that there are no unnecessary delays in proceedings.

The government will amend court fees in relation to the type of matter under consideration, in the need to secure non-discriminatory access for citizens and businessmen to court services.

The government will also have as an aim the updating of the Act on Arbitration, particularly the rules for the use of arbitration clauses and in requirements for arbitrators, including their responsibility, record keeping and minimum administration.

Concerning supervision over the performance of legal professions, the government undertakes to increase the supervisory activity of the Ministry of Justice in the area of disciplinary responsibility and to propose measures which will strengthen the personal accountability of judges and prosecutors for damage caused and will permit more rapid and thorough consideration of breaches of discipline.

The government consider the function of judge to be the summit of all the legal professions and will therefore tighten requirements for their appointment by introducing conditions of at least three years of legal practice, of which at least three years must be outside the field of justice. There will be an increase in the numbers of higher court officials and assistants and we will propose increasing their remuneration, subject to budget constraints.

Concurrently with this, the government intends to strengthen the principle of specialised lifetime training for judges, likewise for further training of other court employees, with a focus on the use of information and communication technologies.

The government will also focus on the position of state prosecutors, will make changes to the relevant regulations so as to strengthen their independence and accountability for the execution of the powers entrusted to them. There will be a change in the manner of appointing and recalling leading prosecutors, by including in law the performance of the function for a fixed period, a change in the form of supervisory powers of superiors, a change in the method and form of assigning binding instructions and not least also a change in the method of assigning cases.

The government will also focus on the other legal professions, will increase supervision of court experts and interpreters, executors, notaries and insolvency administrators. The government will remove procedural delays at notaries and increase competition between them by increasing the number of notaries offices ~~by approx. one-third~~. The government will prepare a new Act on Experts and Interpreters.

The government undertakes to strengthen the setting up of specialised court senates and specialised sections of the state prosecutor's office, particularly in the fight against corruption and serious financial crime so that experienced and specially trained judges and prosecutors deal with these cases. In addition the government undertakes to toughen sentences for corruption by officials.

The government undertakes to strengthen the position of the victims of crime and to increase the restitutive role (protection of the rights of the aggrieved party) of criminal proceedings, including introducing the right of the aggrieved party to claim compensation for non-material damages.

Through an amendment to the Criminal Code the government also intends to moderate the impact of the so-called "muzzling law" with the aim of permitting the provision of information in those cases where the public interests takes precedence over a group or private interest.

The government undertakes to propose measures which will permit the creation of the material and technical conditions for the further employment of prisoners while serving sentences.

The government undertakes to conduct an analysis of the effectiveness of the organisation of the justice system and the four-level court structure and to propose options for its simplification, also to verify the effectiveness of the operations of judicial councils as judicial self-governing bodies and the options for strengthening them.

Legislation

The government undertakes to modify the legislative process so as to increase the quality and accountability of legal regulation. There will be limits to the so-called deputies additions to Acts, the period between second and third readings will be extended, a compulsory written form of proposed amendments, including justification, RIA and CIA assessments and the opinion of the administrator, will be introduced.

The government undertakes to propose the augmentation of the operations, set out in the Constitution, of the Supreme Audit Office (NKÚ), namely the authority of the NKÚ to audit the handling of the assets of local authorities (regions, towns, villages) and other public corporations.

In the interests of the long-term strengthening of the political stability of the executive in the Czech Republic, the government undertakes to submit a draft amendment to the Constitution which would introduce the institution of so-called "constructive vote of no confidence in the government", the purpose of which is to set out precise boundaries for expressing no confidence in the government, including a requirement for accelerated setting up of a new full government with political accountability to the Chamber of Deputies. Expression of no confidence in the government would thus be possible only if the prerequisites for the setting up of a new government were met.

The government will also propose the introduction of the so-called sliding mandate for a legislator, so that a Deputy or Senator when becoming a member of the government no longer performs his mandate, and would have his/her place taken by a replacement from the candidate list of the same electoral party.

The government will work for recognition of the anti-communist resistance and opposition to communism.

Human rights

The government considers respect for human rights to be the foundation stone on which society and the democratic order of the country stand, and which is the basis of the liberty of every citizen. For this reason we will resolutely support all measures which effectively help Czech citizens to obtain their constitutionally guaranteed rights. Particular regard is due to members of vulnerable groups of citizens, for whom obtaining justice and equal standing is often an insoluble problem - children, the sick, senior citizens.

The government will lead an uncompromising fight against all forms of racial, class and social intolerance and hatred. We note with concern the growing signs of extremism and undertake to adopt firm measures to suppress them.

At the same time we consider it essential to intensify and deepen preventative measures, particularly for the younger generation and socially at-risk groups.

The government will support the social integration of the inhabitants of

The government will work for a legislative amendment for the protection of privacy and personal data against inappropriate intrusions made possible by modern technology, in particular by camera and other monitoring systems.

V. Education, youth and sport, science and research, culture

Education

The Ministry of Education, Youth and Sport will conduct an in-depth audit, the aim of which is to find savings in the management of the Ministry, part of which a personnel audit and an audit of organisations which are subsidised. On the basis of these audits the Ministry will reduce significantly the number of Ministry employees and the number of organisations subsidised by it.

Regional education

Through a change in the relevant legal regulations the government will limit the burden of excess bureaucracy on schools.

A new Act on Education will be prepared, in which the government will modify the work of teachers. While respecting budget constraints, demographic trends and age and gender structures for teachers, the government will create the conditions and tools (e.g. a recruitment bonus) to guarantee long-term the entry of young trained teachers into all types of schools. With this aim, in 2011 and subsequent years the government will increase the value of salary budgets for teachers by 2.1bn CZK. In 2012 the government will increase the salaries budget for teachers by a further 4bn CZK and will thereafter keep this increase and freeze it until 2015 in relation to public administration overall, where salaries will be frozen for 3 years. The financial flows between the Ministry and individual schools operators will be clarified. Through a change in the funding of education equality of support will be achieved when providing public education services.

Even within normative funding, the government will support the option of the existence of schools in smaller villages.

Through a change in compulsory teaching materials the government will assure the teaching of English from no later than the 3rd grade of elementary education.

Without delay, that is by the beginning of the 2010/2011 school year, the government will decide whether the common school leaving examination will apply for the current school year. The government will assess its subsequent approach on the basis of the conduct of the general examination. It will conduct an audit of the preparation of leaving examination projects, including an audit of funds expended.

The government will introduce regular monitoring of educational results in the 5th and 9th grades of elementary education. It will also stimulate the transparent publication of school results needed for comparison, with emphasis on the differences at intake level (differing educational level of intake pupils) for best comparability of the education being provided.

In conjunction with employers, the government will support the development of specialist secondary ("apprentice") education and the form of its completion, through a standard final examination. It will increase emphasis on the practical employability of school-leavers and on improving the prestige of secondary specialist education. The government will adopt a programme of support for technical schools to secure and develop a high-quality work and management structure for technical industries.

The government will devote increased attention to reform and diagnostic institutions and their funding with a view to increasing support for preventative programmes. It will support an increase in the numbers of school psychologists and special teachers at elementary and secondary schools. There will also be support for the development of care for gifted children, the teaching of key competences (e.g. financial and computer literacy) and languages will be strengthened.

The government will prepare a change in the tenure of directors of elementary and secondary schools, which will be reduced to 6 years. The role of schools councils in the administration of schools will be strengthened, including their influence on the appointment and recall of directors.

The government is initiating a debate on strengthening the responsibility of parents for the education of their child, in particular with reference to their school, while it is also considering the option of codifying of a Contract between Family and School on children's behaviour, with the aim of securing better enforceability of parental responsibility for children's education.

Tertiary education

The government will implement a reform of the tertiary education system. There must be increased diversification of the tertiary education system so as to improve the quality of university education and so that the profile of the graduates of the various types of schools better matches the diverse requirements of employers and secures greater flexibility for these graduates in the labour market. This plan will be implemented by the government through tighter auditing of accreditation conditions, through support for research and profiling on universities.

The government will undertake measures leading to increased prestige for the bachelor degree and its practical application in the labour market.

In the management of universities it will increase their own responsibility for results achieved in the areas of research, teaching and management. The government will prepare funding mechanisms which strengthen the financial stability of state universities and also strengthen the link between their budgets and the quality of the teaching provided, the marketability of graduates, and the results of research and development. It will further create conditions for the integration and rationalisation of the structure of universities.

The government will introduce the financial involvement of graduates in paying the costs of their study in the form of so-called deferred school fees, to be introduced from the 2013/2014 academic year, with a ceiling of 10 thousand CZK per term, and with the use of a beneficial coefficient to support key fields of study linked to strategic sectors of industrial manufacturing and services. The school fees will be paid to universities immediately, with this in mind the student will have the option to obtain a loan guaranteed by the state. The loan will be repaid by citizens when their income rises above the level of average salaries, which does not exclude the option of voluntary earlier direct repayment.

The government will introduce an effective system of financial support for students based on basic study grants for all students, additional social bursaries for students from low-income families and handicapped students and also on company bursaries, educational savings schemes, student loans and on a specific scheme for occasional employment of students. Together with this it will support the introduction of advantageous student loans intended to cover the indirect costs associated with studying (food, accommodation), with this step preceding the introduction of deferred school fees by a year.

The government will accelerate the drawing down of funds intended for education and research from the operational programmes of EU funds. In respect of setting the rules for allocation of funds from the structural funds, it will try to arrange for the implementation of projects to proceed next time without geographical limitation. The government will also conduct an analysis of the effectiveness of drawing down funds from EU operational funds within this area.

Science and research

The government will support the management of universities and public scientific research institutions (SRI) in introducing professional methods for managing finances, human resources, marketing and technology transfer, using stimulation tools in the form of EU funds.

The government will support the establishment of centres of excellence in research universities and SRIs and will create the conditions which allow the building of top-level doctoral studies schools.

It will create mechanisms supporting genuine mobility and cooperation of research workers and doctoral students between universities here and abroad.

The government will simplify cooperation between public SRIs and commercial organisations, will motivate the strengthening of international excellence in research and will stimulate involvement in international projects.

The government will introduce an assessment system for research and development (R&D) establishments which will replace the current institutional funding for results in the Results Information Register (RIR) with a combination of quantitative and qualitative assessment with the major involvement of foreign experts. It will also introduce the bonification of establishments which demonstrably cooperate with the applications sphere, in the form of additional institutional funding. Further to the Act on Support for Research and Development, it will adopt a unified methodology for providing institutional support for research organisations on the part of individual providers. The role and standing of the Czech Technology Agency within the system of state support for R&D will also be reviewed.

The government will provide tax breaks for R&D cooperation between universities, SRIs and the business sector. Support for research from public funds will be focussed on specific priorities and cross-sectional topics. It will make support for corporate research and development conditional on cooperation between the public and private sectors on predetermined priority topics.

Sport

The government will consider adopting a new Sports Act and will support more efficient drawing down of EU funds for sport, with specific emphasis on the European Year of Volunteering (2011).

The government will work for the creation of a system of support and valuation of volunteers in sports activities and will support activities, organisations and facilities which increase access to sport and physical education for the wider public.

The government will support youth sport on the large scale, as well as a system of care for talented youngsters, including a system of follow-up care for them in the form of sports training centres for young people and top-level sports centres, and will support a system of medical care for talented young sportsmen and sportswomen.

The government wishes to set up a grant agency to support sport by transforming the current system of state support and to support more intensively a system of multi-source funding in sport.

With the new Act on Lotteries, the government will strengthen the budgets of towns and villages with part of the sums collected from the lotteries with the aim of improving the sports and cultural activities of young people.

Culture

The government is conscious of the significance of culture, taken in the widest sense of the word as a defining force in the development of civilisation, and thus of our society, in the 21st century.

The government understands the cultural potential of the Czech Republic as a significant development factor for the whole of society. It understands not only the positive impact of culture on the social development and quality of life of our citizens, and on the conservation and forming of national identity, but also understands culture, and the cultural assets and

services derived from it, as cultural capital, whose economic potential has not so far been fully understood and exploited.

The government will take particular care that money spent on culture from the state budget, especially that designated for the funding of state cultural institutions, brings exactly the desired results. Within the current constraints the government will create an environment to satisfy the cultural needs of all our citizens using the maximum efficient cooperation of state, regions, towns and villages. Wide involvement of citizens and companies in the support of our cultural heritage and live art will be made possible through patronage.

The government considers the cultural potential of the country to be an important source of learning for our citizens.

For the future civilisation competitiveness and prosperity of our society it will endeavour to achieve deeper use of cultural assets and the potential of our cultural institutions for the education of the population.

The government will support the use of modern technologies, and in particular digitalisation, for the development, management, conservation, security and mediation of cultural assets and services.

The government will endeavour to secure for its citizens the widest possible access to information on culture, with special emphasis on access to monuments.

The government will consistently fight the illegal export and import of portable items of cultural heritage and to this end will make use of international structures and treaties.

The government will endeavour to use the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions to promote the sovereignty of Czech cultural policy and the enrichment of cultural opportunities for the citizens of our country.

It will also make use of the participation of the Czech Republic in international treaties and agreements and membership of inter-governmental organisations to present abroad our cultural heritage and our care of it. It will support international expert cooperation.

The government is conscious of its responsibility for the cultural heritage of the Czech Republic, including the cultural aspect of care for the landscape, and is prepared to create favourable conditions for its identification, protection, conservation and presentation to the public.

The government will process specialist concept materials on the development of museums and galleries, more effective care of traditional popular culture and the handling of the country's monuments. Especial attention will be paid by the government to the question of securing the material, technical conditions and premises for the national monument institution of the culture Ministry.

The government will submit such legislative measures as will secure a effective, transparent, predictable and expertly guaranteed means of handling the Czech Republic's monuments; these will also strengthen the legal certainty of citizens and at the same time eliminate unnecessary administrative burdens. It will also propose measures to limit the effects arising from limitations on ownership rights.

The government will support the implementation of modern tools for the provision of grants and subsidies from the state budget in the area of culture, such that interested parties will be more motivated to engage in co-financing of cultural activities. It will submit precise rules for the provision of grants for clearly defined projects meeting public service criteria in culture.

The government will endeavour to improve the standing of Czech film in the world and to make the Czech Republic more attractive for domestic and foreign filmmakers. The government will submit a draft Act on Cinematography.

The government considers freedom of speech to be one of the key freedoms which secures the democratic fabric of our society. For this reason it will insist on guaranteeing the maximum extent of freedom of speech, while recognising the responsibility of an author for the content of any media offering, including on the internet.

The government will begin discussions on transforming the public media councils and will promote changes in the system of election of public representatives to the media councils, with a significant share of nominations from the expert public.

The government will continue with its preparation of an amendment to the copyright Act to ensure full harmonisation of the Act on Copyright with European and international copyright laws, where the basic principle is security balance between the rights and interests of copyright holders on the one hand and copyright users on the other.

The government acknowledges the historical and irreplaceable position of the churches and religious societies as traditional institutions which are a part of society. The government's aim is to conclude as soon as possible the question of a settlement between the state and the churches and religious societies so that certain wrongs can be made right and the churches and religious societies can then fulfil their functions independently of the state.

VI. Environment, agriculture and the countryside

Environment

The government takes the environment to be a space for living. In addition to the protection of nature, protection of the environment represents also regulation of pollution on the part of energy generation and in industry, measures in transport and support for the environment through consumer behaviour.

The government emphasises the need to retain the values of our natural and cultural heritage even in times which are economically difficult. In ecological measures the government sees not a hindrance, but an opportunity for economic development.

The greatest current problem with the environment in the Czech Republic is air quality. The government's priority is to reduce this burden with emphasis on those areas where the situation in certain seasons of the year has been critical over the long term. For this reason it will promote emissions reduction for polluting substances, as well as energy savings and efficient use of energy in manufacturing, distribution and consumption, whether this be modern efficient manufacturing technology, efficient housing insulation, the building of low-energy buildings or low-energy domestic appliances. Increasing the energy efficiency of manufacturing and the efficient use of energy by consumers reduces the consumption of energy resources, emissions of polluting substances and greenhouse gases and is at the same time efficient from the standpoint of economics.

Efficient methods of heat use and clean transport technologies are important and will be supported.

The government will support environmentally clean energy generation, that is nuclear energy and efficient renewable resources which can also contribute in a significant way to strengthening the energy security of the Czech Republic, that to reducing the energy dependence of the Czech Republic on foreign sources. Efficient protection of the air and the population's health against pollution from transport, industry and the burning of unsuitable types of fuels in local furnaces will be secured through a new Act on Atmospheric Protection.

To achieve its targets in environmental and climate protection, efficient generation and use of energy and mineral resources, the government will prepare basic strategic documents. A new policy on environmental protection, the policy on climate protection, the state energy

concept and a new raw materials policy, including a state forestry concept and protection of agricultural land holdings will all be mutually linked. Appropriate raw materials and energy security for the Czech Republic will be secured, as well as a balanced energy mix. To reduce environmental burdens the introduction of the best available techniques will be supported.

The government will support the efficient use of mineral and secondary raw materials.

In the area of waste management the government will endeavour to arrange a hierarchy in handling waste and avoid any increase in financial burdens on the population from this orderly handling. Prevention of waste generation will be primary, then recycling and the material and energy use of waste. A new Act on Waste and Products Lifetimes will be prepared, with emphasis on consistent adherence to EU ecological and technical standards, the principles of economic competition and the principles of manufacturers' extended responsibility. A new plan will also be prepared for waste management, as the basic strategic document in this area.

The government will arrange for the economical and efficient liquidation of old ecological burdens, within the budget constraints and the current economic situation. XXX As a matter of priority, the clean-up will take place of contaminated locations associated with health risks to humans and damage to the environment.

The national listing of contaminated locations in the Czech Republic will be updated on an ongoing basis; this will be available to the public. Concerning the so-called "super-contract" the government will assess all submitted bids in a responsible manner. The decision will be taken on the basis of meeting all requirements for transparency of the process, economic suitability, ecological relevance and reduction in the scope for corruption.

The government considers adaptation to climate change to be the basic approach to this issue. Of the greatest importance will be technical and nature-friendly measures in the countryside itself, so that the Czech Republic and its population are prepared for sudden natural events, in particular floods, heat waves, droughts, lack of ground water, and other patterns of water flow in the landscape, land erosion, as well as other environmental risks. In a country in which major European watersheds are located, the government is conscious of the absolute need to slow down the draining off of surface water and its quality, the need to save water and the handling of subterranean water as valuable mineral wealth.

The government is prepared to provide business incentives for the introduction of technologies which are kind to the environment and technologies with low energy and material demands, with such technology being assessed in the wider context of the total life cycle. It will develop pro-export measures to support the implementation of these technologies in overseas markets.

To improve the environment, the government will support the building of such transport infrastructure as will draw transit traffic out from town centres using by-passes, improving traffic flow and reducing air pollution.

It will promote efficient anti-noise measures to protect the population from the impact of traffic, and an extended network of dual carriageways, motorways and railways, transferring large loads from road to rail where this is possible. In towns and villages the government will support the introduction of intelligent traffic management systems, low emission zones, the use of all tools to support ecological public transport, both urban and rural, the building of park and ride car parks, cycleways and the retention and expansion of urban green spaces.

The government values the public's interest in protecting the environment and nature. It considers it essential to have the widest possible access for citizens to information on the environment, which is important for securing transparency of procedures when deciding on changes to the environment where people live. It is prepared to simplify the assessment of the impact of strategies and projects on the environment in the SEA and EIA processes, with the aim of improving the effectiveness of these processes and strengthening protection of the rights of the local population. Particular attention will be paid to flood plans, with the aim of

greater involvement of citizens in joint responsibility for protecting their property and the quality of water sources.

The government considers nature protection and the preservation of biodiversity to be an essential prerequisite for people's quality of life. It will therefore support high-quality care for nature and the landscape in accordance with the economic, environmental and social interests within a territory. Improving the ecological stability of the landscape and maintaining its permeability are both fundamental; this includes support for cultivating forests with a natural species, age and spatial mix in accordance with the amended state forestry policy and the policy on protection of agricultural land, increasing the natural retention abilities of the landscape and the preservation of biodiversity.

The government will strive for efficient protection of agricultural land. It will arrange for the submission of a draft amendment to the Act on the Protection of the Agricultural Land Fund, which will permit a more effective system for protecting land against confiscation and the impact of degrading factors, and will increase fees for the removal of land from the agricultural land fund.

Further to the results of negotiation on the Framework Directive on the Protection of EU Land a draft Act on the Protection of All Land will be prepared such that protection of the two overall most important types of land, agricultural and forestry, is governed by similar legislative and economic instruments.

The government emphasises preserving the natural and cultural spirit of the Czech landscape.

Territorial planning must be a tool for the harmonious development of towns and villages and their incorporation into the landscape. The government will support the protection, management and planning of the landscape as a whole with the principles of the European Landscape Convention, with the aim of achieving permanently sustainable life for the population of the Czech Republic. A strategy for care of the landscape will be prepared based on the European Landscape Convention, which will be implemented using the relevant strategy documents.

The government wishes to be an example for the behaviour of citizens and businessmen. It will therefore propose a suitable legislative form for requirements for the energy efficiency of buildings, whose construction from new, or significant reconstruction, is financed by public funds. When awarding public contracts the government will support the application of environmental and social requirements, with regard to economic return on investment.

The government will endeavour to have effective public administration in the area of the environment, to reduce the administrative burden on citizens and businesses and to eliminate those barriers to business which are determined to be unnecessary and ineffective from the point of view of environmental protection. State administration agendas will continue to be converted to electronic form.

It will conduct an audit of the legislation and will simplify the requirements placed on small- and medium-sized businesses wherever such simplification will not lead to a reduction in environment protection standards. It will not adopt disproportionately financially demanding obligations over and above binding European regulations. It will give priority to negotiation before the introduction of new regulations.

Within the European Union the Czech Republic will actively promote its national interests in all European institutions. Of the material issues at European level the Czech Republic will be most active in connection with the implementation of the Europe 2020 Strategy, with emphasis on achieving climate and energy targets and reducing the material and energy demands of the economy. The preparation and negotiation of the new direction for EU environmental policy will be fundamental. The Czech Republic will strive for the rationalisation and greater efficiency of international management of sustainable development and the environment both in relation to proposals for the establishment of new

international institutions and also in relation to internal reform of existing international organisations. The government will be actively involved in negotiating new multi-lateral environmental treaties or their changes. As an EU and OECD member state, the Czech Republic has an interest in the successful negotiation of a realistic and effective international legal instrument for reducing emissions of greenhouse gases and the fight against climate change after 2012 on the basis of a thorough socio-economic analysis, on the condition of comparable commitments from other significant partners of the EU.

The government will strive for effective public administration in the area of the environment and will secure a reduction in disproportionate financial and administrative burdening of citizens and businesses in the shape of excessive environmental regulation, through a regular audit. The government will take care that environmental regulations are not transferred extensively into Czech legislation in such a way as to disadvantage businesses in the Czech Republic.

In connection with the new European amendment on waste management the government will prepare a new Act on Waste, with emphasis on consistent adherence to EU ecological and technical standards, the principles of economic competition and the principles of manufacturers' extended responsibility. Specifically, the Act will define priorities in handling waste with preference for prevention, recycling and the use of waste as fuel over incineration without energy benefits, or landfilling.

Agriculture and the countryside

The government will strive for the prosperity of the Czech countryside through the creation of simple and fair conditions for Czech farmers and the development of smaller communities.

By investments in infrastructure, new technologies, research, training and innovation the government will support improvements in their competitiveness while respecting the rules of good agricultural practice with regard to environmental protection and animal welfare. Only competitiveness, domestically and within the European Union, can in fact secure long-term prosperity for farmers and the whole of the countryside. We will extend their economic options by creating the conditions using output for non-food purposes and we will try to place greater value on the non-productive functions of agriculture. Within budget constraints, the government will endeavour to meet the national minimum direct wage.

The government will continue to prepare Czech agriculture for changes to the EU Common Agricultural Policy and will turn the Vision for Czech Agriculture after 2010 into specific measures for the benefit and competitiveness of our agricultural sector. Negotiating fair conditions for Czech farmers within the EU will be one of the government's key priorities.

The government will reduce the bureaucratic apparatus within the Ministry such as to reduce budget expenditure, and so that citizens, businesses and farmers suffer fewer delays with dealing with the administration. The government will also support the competitiveness of farmers through rational audit of food safety and will propose amalgamation of the relevant expert audit institutions with the aim of simplifying administration and reducing the bureaucratic burden on businesses.

The government will complete land records and will prepare a settlement on the right of owners and tenants. Completion of agricultural restitution will also be an integral part of this step. We consider giving access to agricultural land to its rightful owners, and the sale of remaining land owned by the state to those who wish to farm it, both to be essential for the development of the countryside. The government will complete the transformation of the Land Fund and following its winding-up, will transfer the remaining agenda to the Czech Land Office.

The government will strive for protection of agricultural land and water in the Czech Republic. It will support the implementation of changes to land and related investments in the landscape, which will also have a significant flood and erosion prevention effect. Without

delay, the government will also begin preparation of the 3rd stage of implementation of flood prevention measures.

With the aim of limiting the growing level of withdrawal of plots from the agricultural land fund, the government will introduce measures to protect it. The government will support the development of ecological agriculture, will support its role in conserving the nature of the landscape, the increased water retention capability of the land and in the production of organic foods. In the construction of agricultural premises, preference will be given to the reconstruction of "countryside brownfields".

The government will create the conditions for the development of new jobs and for young people, as well as the educated, to remain in the countryside. It will support the local production of foodstuffs and the setting up of small food companies of a local nature. It will support the production and sale of typical regional food specialities and will support the sale of foodstuffs from these operations at local markets or direct from the farm. It will support the development of services with high labour added value, tourism, eco-tourism and agrotourism.

The government will promote an efficient, but at the same time conservative approach to forest management. It will prepare new principles for state forestry policy, which will be based on equal access to ownership, a policy of equal opportunities, economic competition and rational, non-bureaucratic state forestry management. In this, it will take into consideration the balance between the production and secondary functions of the forest.

The government will reassess the existing concept and verify the approach to handling of state forests, verify the sale of assets and purchase of services by the state company Lesy ČR. It will promote a dynamic trading system to secure equal conditions for all partners.

VII. Business and support for business, infrastructure development

Payment terms

The government will take steps to provide relief for suppliers who are VAT payers, for whom payment for goods or services has suffered long-term delays. In such cases VAT already deducted will be returned to the supplier. These steps will be in line with current EU regulations and in terms of legislation will be set up so as to limit the possibility of abuse. The government will create pressure for a change to the VAT regime within the EU so as to have VAT deducted only following invoice payment.

The state will be an example for the establishment in trade relations of the rule that the due date for payment is a maximum of 30 days. We will put in place a legislative amendment for the payment period for the public sector (state, regions, towns, villages) not to exceed 30 days, with the exception of money drawn from European funds, where the payment period at national level cannot be changed.

Business and support for business

Economic recovery and growth are a key condition for the further development of Czech society. They are also a key element of the EVROPA 2020 Strategy, to which the Czech Republic fully subscribes as an active EU member. Manufacturing industry and related services are natural sources of continuous growth which can bring the benefits and jobs needed to renew the health and sustainability of the Czech and EU economies. The Framework for Industrial Policy will support business, help industry to deal with problems and support the competitiveness of industrial sectors, manufacturing and services, so that they can make use of the opportunities offered by globalisation and environmental management.

In the interests of improving the business and investment environment the government, as part of its Regulation Impact Assessment, will introduce an impact assessment test for small- and medium-sized businesses and in this regard will introduce days of legal validity. In view of the fact that regulation impact assessment is a critical tool for improving the quality of legal regulation and reducing the administrative burden, it will assess and strengthen its institutional implementation and effectiveness, including the involvement of the public in the preparation of legal regulations.

The government will continue to simplify getting started in business and leaving it, particularly through the fact that data already held by public administration will not be required again. It will focus on expanding the services of the central registration locations so that submissions will be dealt with electronically to the greatest extent possible.

When a person ceases to be self-employed, government offices will not be able to require individuals to provide further documentation or confirmations. When terminating self-employment, the self-employed will not have to pay income tax on invoices which are more than 4 years after their due date for payment.

With the aim of creating suitable conditions for the development of high-speed internet and the services provided through it, the government will adopt a Digital Czech Republic Strategy. The creation and promotion of the Digital Czech Republic Strategy will have as its aim defining the active interest of the state in the use and expansion of electronic communications services and information society services, with the aim of improving the competitiveness of the Czech Republic and reducing the administrative burden of business, particular in constructing new generations networks.

The government will submit newly defined conditions for direct foreign investment, which must contribute to long-term, intelligent and sustainable growth in the competitiveness of the Czech Republic and will be of equal value for domestic and foreign businesses. The government will work for better use of the facilities of industrial zones and will improve the

marketing of opportunities for investors into the Czech Republic from priority countries. An improvement in services for foreign investors in the Czech Republic for the use of universities, research and scientific establishments will be part of a more active approach to investment.

The government will continue to reduce and limit excess regulation and bureaucracy.

With the aim of identifying the most burdensome regulations, the government will conduct a remeasurement of the administrative burden on businesses and will work an annual reduction in this.

Activities in the area of consumer protection will be supported at a reasonable level, with the aim of improving trust in the market.

The government will continue to improve the functionality of the Trades Register and its link to the basic registers.

By the end of 2012 the process of the complete liberalisation of the Czech postal market must be completed. The aim is to prepare a legal environment where the remaining barriers to entry for competitors in this market have been eliminated, while retaining the current scope and quality of postal services.

Jobs

In conjunction with its social partners the government will propose amendments to the Labour Code which will lead to greater flexibility in employment relations and great incentives to employers to create new jobs.

The maximum scope of employment on the basis of a temporary contract will be increased from 150 to 300 hours with a concurrent strengthening of controls to prevent abuse of this. The conditions for repeated fixed-term employment contracts will be relaxed, leading to increased flexibility in the labour market.

The government will introduce more flexible working time accounts, and will permit greater flexibility in the use of unevenly spread time. Companies will thus have the option of better use of working time in relation to their order level.

The value of redundancy payments will be linked to the number of years worked at an employer (up to 1 year - 1 month redundancy pay, up to 2 years - 2 months redundancy pay, over 2 years, 3 months redundancy).

The government will consider an amendment to the probationary period so that a probationary period of longer than 3 months can be negotiated by mutual agreement. It will propose the abolition of the provision on clashes of employment in the Act on Employment. There will also be an amendment to the employer's obligation to advise of an employee's start of employment one day before the start date.

The government will make the use of active employment policy tools more effective, so that the funds expended on this area are directed more towards employers.

The government will support the unemployed who start their own businesses. An unemployed person will in this case be able to draw full unemployment benefit for the whole of the support period.

The energy sector and external energy security.

The government will continue to improve the energy security of the Czech Republic particularly through the diversification of energy sources and transit routes.

The government will support the strengthening of energy networks along the east-west and north-south axes, the construction of underground gas storage, the construction of the Gazela and Nabucco gas pipelines and will conduct ongoing dialogue with producer countries. The government will approve an updated State Energy Concept and a new raw

materials policy, including the implementation of the principles of the European Raw Materials Initiative strategy so that appropriate raw materials and energy security and a balanced energy mix are secured for the Czech Republic.

The government will work to retain the territorial limits for brown coal mining, together with their legislative cover. It will submit an amendment to the Mining Act, to secure economic use of mineral raw materials supplies.

It will also prepare an amendment to the Energy Act which will introduce authorisations for new source of electricity production and support the market environment for energy so that competition genuinely exists and everyone can choose the best supplier with the minimum of administration when changing provider.

The government will support the construction of new blocks at the Temelín nuclear power station, as well as the modernisation of the associated line structures, as part of a balanced energy mix. It will continue with its transparent approach to find a location to store nuclear waste, including support for other options leading to its disposal.

The government will support further deepening and expansion of the activities of the energy market, which demonstrably reduced the previous very rapid rise in electricity prices.

The government will reassess its support for renewable energy sources in favour of ecologically and economically sustainable forms.

The government will render more efficient the operation of the regulatory offices and will consider the option for merging those regulatory offices where this is possible and useful in terms of their powers.

The government will assess an increase in the proportion of biofuel in motor fuels and will decide on further rational, ecological and economically acceptable steps in this area.

Transport

The government will maintain the level of investment in transport infrastructure. In addition to state funding, it will also involve PPP projects in the funding of transport infrastructure and in particular will make the activities of the State Transport Infrastructure Fund and the investor organisations of the Ministry of Transport more efficient.

The government will work on reducing the legislative limits on speeding up transport infrastructure construction. In particular, the government will render more flexible the rules for approving construction projects (with the aim of limiting the enforcement of projects not connected with the infrastructure being built). If it is legislatively possible and will not mean an increase in the administrative burden, when awarding contracts the government will support the principle of renting a building site, with the aim of speeding up construction.

The government will secure cheaper transport infrastructure projects, particularly through transparent public selection tenders, through an amendment to standards and through possible changes in the contracting procedures and by thorough audit of construction methods. The government will establish transparent procedures for awarding public contracts by amending its internal standards and by possible further changes in its awards practices.

Based on an in-depth analysis the government will promote an asset settlement between Czech Railways and the Railway Infrastructure Administration, with the aim of creating an integrated "live railway" open to competition. All services for rail passenger transport will be subject to transparent selection procedures. With this aim in mind, the government will prepare conditions for opening up the market in railway transport.

The government will arrange the conduct of a personnel audit and a business audit at Czech Railways, its subsidiaries and at the Railway Infrastructure Administration, with the aim of increasing the efficiency of operations and eliminating unbalanced employee remuneration.

The government will postpone the introduction of electronic motorway vignettes in place of motorway toll stickers for private cards until the adoption of a pan-European solution or the introduction of kilometre charging.

The government will continue to cooperate with the regions, towns and villages in analysing options for extending toll charges for freight transport to lower category roads. It will establish clear criteria for motorways to be genuinely used as by-passes for towns and villages.

The government will develop activities to improve road safety, improve road user awareness and improve the quality of infrastructure development. It will also place emphasis on further communication activities and in particular on the education of children and young people.

The government will carefully assess the effectiveness of the points system in relation to road traffic, will eliminate any disproportionate harshness in the law, will increase penalties for infractions associated with driver aggression and directly threatening road safety and will clarify rules which may be the subject of varying interpretations.

In water transport the government will, in the context of international connections and cross-border cooperation, consider the option of financing key construction to improve the navigability of the Labe, in particular the locks at Děčín and Přelouč (extending navigability to Pardubice), using mainly non-budgetary funding.

In air transport the government will support the development of Prague airport as a Central European air crossroads.

The government will strive to develop ecological types of transport with the aim of reducing CO2 emissions. The government will consider the option of supporting multimodal logistics centres permitting the transfer of long-distance freight to the railways.

The government will support the development of cycle transport including legislative measures benefitting cyclists.

The government will continue in its efforts to have the GSA agency locate its HQ in the Czech Republic.

The government is conscious of the significance of space activities and cooperation with the European Space Agency for improving the technology level of Czech industry and its competitiveness.

The government will support and develop innovative technologies, especially satellite navigation systems for transport management and for organising and arranging mobility to improve the efficiency and safety of transport and better awareness of the different groups of transport users.

Export support

The government will maintain a consistent and efficient state pro-export policy with the aim of supporting the revival of the Czech economy, improving its competitiveness and providing higher-quality services to exporters in their efforts to compete in foreign markets.

The government will adopt a new export strategy which will set out the vision, goals and tools of the pro-export policy for 2011 - 2015. The export strategy will be based on the needs of the business sector. In its pro-export policy the government will focus on rapidly growing countries and those markets with high growth potential for Czech exports. This pro-export policy will be implemented taking account of the foreign policy and security interests of the Czech Republic. The government will complete implementation of the project to introduce Electronic Licence Administration.

In state-supported insurance and financing of exports, the government will gradually increase the insurance funds and the insurance capacity of the Export Guarantee and Insurance Corporation and the basic capital of the Czech Export Bank. The government will improve

the access of small- and medium-sized enterprises to credit by expanding loan guarantees through the Czech-Moravian Guarantee and Development Bank and the Czech Export Bank.

The government will actively support the liberalisation of world trade as a tool for improving the growth of the economy. It considers the elimination of customs barriers and other limitations on international trade to be the most effective method of development cooperation. However the opening up of markets must be a bilateral process.

The government will improve the coordination of economic diplomacy and will ensure that support for the economic interests of the Czech Republic and effective help for its exporters is one of its priority tasks.

European funds

The government will simplify the administration for the allocation of structural funds.

A simpler implementation system and simplification of administrative procedures must be based on removing other legislative barriers and simplification of the demands which the current system places on applicants. Clear and transparent rules will lead to efficient use of aid and fulfilment of the goals as set out.

In the upcoming budget period the government will promote a radical reduction in the number of operational programmes and their subordination to the government.

The government will making the drawing down of monies from the EU more efficient. Efficient use of funds from the EU is a key prerequisite for meeting one of the goals of the National Strategic Reference Framework, which is sustainable growth achieved by continuing strengthening of competitiveness and the harmonious development of the regions. The government has as one of its goals improved awareness on the part of all those involved in drawing down funds from the EU, that making effective use of the funds obtained by the Czech Republic from the EU in 2007-13 can be a highly effective tool in improving the Czech economy's competitiveness in the European market, particularly in the context of the economic crisis.

The government will introduce thorough input and ongoing audits of projects and aid while eliminating errors, so that the risk of later return of grants for non-adherence to procedures is avoided. Only a systemic approach to dealing with and avoiding the most common errors arising during implementation can in broad terms provide an appropriate guarantee of certainty that funds intended for equalising the differences between individual regions can be used by the Czech Republic to the maximum extent. A strategy to develop preventative and audit mechanisms and their introduction in practice will mean a lower risk of errors.

The government will change the setting of project financing to so-called ongoing financing wherever this is possible. The extension of successful models of accelerated clearance which have demonstrated their usefulness and effectiveness in practice will be a further step which will contribute to accelerated drawing down of funds and will bring the Czech Republic closer to achieving its stated goals.

The government will actively defend the interests of the Czech Republic in economic, social, territorial cohesion and urban development areas within the EU, UN, Council of Europe and other international organisations.

The government will prepare a draft system for the institutional implementation of operational programmes in the 2014-2020 programme period, with emphasis on their linking and coordination. The government will devote considerable attention to preparing and negotiating the conditions for drawing down European funds in the future programme period following 2013. It will cooperate in this on an ongoing basis with the regions, other partners, other EU member states and will consult its preparatory steps with the V4 group of countries.

Regional development, territorial planning and housing

The government will prepare and approve a new Strategy for Regional Development, which will reflect the changing factors in local and regional development (e.g. demographic and energy factors).

The government will focus on a comprehensive assessment of state investments, from legislation through the allocation of funds to assessment of investment effectiveness.

Territorial planning and the Building Code

The government will reduce the administration of the building of transport and technical infrastructure. It will propose such changes to the competences, collaboration, organisation, structure and facilities of public administration as will speed up and simplify the authorising of building projects, particularly public infrastructure projects, with the aim of applying to the maximum extent possible the principle "one project, one government department, one decision, information guaranteed", that is, having regard to the nature, impact and importance of the project, that decisions are made by that public administration office which is entitled to issue all required standpoints and judgments.

The government will limit regulation of project authorisation to the essential minimum and only to those cases where it is necessary to coordinate justifiable protection of public interest and property rights.

The government will propose measures permitting efficient obtaining of the property prerequisites for the building of public transport and technical infrastructure.

While keeping to its international commitments, the government will propose measures aimed at clarifying the conditions for public participation in authorisation proceedings for transport and technical infrastructure projects, so that the public will always have the option of being involved in the early stages of decision-making, without the space being created for obstructive practices.

As part of implementation of the "Integration of Procedures and Digitalisation of Territorial, Construction and Other Selected Procedures in accordance with the Act on Building" project the government will begin. The government will thus reduce excessive administrative burden, eliminate a setting for corruption, eliminate barriers arising from the existing method of determining processes within territorial planning, territorial decision-making and the Building Code, unify decision-making practice within these processes, simplify and accelerate communications between public administration bodies and between public administration bodies and the public, will limit the technical and process restrictions between process participants and audit bodies and increase the absorption capacity of the Czech Republic for the existing and upcoming programme period.

Housing

The government, within the limits of budget constraints, will concentrate available finances on those housing support programmes whose benefits are fiscally positive, so that it is also possible to support those groups of the population who are unable to take care of their own housing for objective reasons, and in whose case the emergency cover from the family, especially senior citizens, the handicapped and citizens falling into the group threatened with social exclusion, but willing to be actively involved in securing their housing.

In legislation the government will above all submit a draft amendment to the Act on Apartment Ownership, a draft amendment to the Civil Code with the aim of ending rent regulation on apartments and will prepare a new, clearer and more transparent legal version of accounting for services provided as part of housing.

The government will support the building of start-up apartments for young families in the form of more rapid depreciation of small apartments which are price-limited for the purpose of rental. This will improve the mobility of labour.

Tourism

As part of support for tourism, the government will support projects leading to a more attractive and expanded offering for domestic and foreign clients, while concurrently simplifying the tourism business by the creation of appropriate legislation. The government will support domestic tourism with tools which will lead to greater occupancy rates out of season.