THE PUBLIC ADMINISTRATION ORGANIZATION ANALYSIS OF HOUSING AND COMMUNAL SERVICES FUNCTIONING AND DEVELOPMENT IN UKRAINE

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Recieved 01.12.2019

The effective functioning of cities’ socio-economic sphere requires the proportional development of the engineering and social infrastructure, which includes, in particular, the subjects of housing and communal services. However, during the public administration organization analysis of the housing and communal services enterprises functioning and development, it was found that in most Ukraine’s settlements, despite efforts to overcome the negative trends, the main funds of the residential sector property complexes remain in unsatisfactory technical condition, which does not allow to improve the services quality, while their cost is constantly increasing. In addition, the exploitation of morally and technically worn fixed assets, together with the outdated technologies usage, requires the more resources usage, which is manifested, in particular, in the increase of energy resources specific costs. The key reason for the poor technical condition of the basic means of Ukraine’s housing and communal services is the national economy production and financial sphere imbalance.

In particular, against the background of the almost complete absence of capital investments by the state and local authorities for almost 25 years, most enterprises activity in recent years is unprofitable, while the services...
production, despite the steady increase in the cost of production factors, continuously. Housing and utility losses have remained consistently high over the long term. In this connection, there is a need to formulate the conceptual basis of the public administration mechanism of the national economy housing and utilities sector entities, which will lead to the results interaction of considered constituents evaluation, a distinctive feature of which produces a focus on streamlining or optimization financial support of the housing and utilities sector entities in the national economy financial restructuring context.

Analysis of recent researches and publications

Research of theoretical and methodological foundations peculiarity of enterprises management system functioning of the country’s housing and communal services was carried out by many well-known specialists in the state administration and academic economists, in particular, the work of such housing and utilities sector of Ukraine’s national economy was considered and reflected, modern academic economists such as L.A. Vasiutynska [2], V.O. Makukha [4], V.I. Kravchenko [6], V.I. Lohvynenko, V.A. Haiduk [7], V.V. Mamonova, O.V. Olshanskyi [8].

The search and formulation of institutional changes effective directions in the national economy housing and utilities sector, which is the basis for the management system subjects improvement of Ukraine’s housing and communal services is relevant in the research of such experts in public administration as B.P. Andresiuk [1], O.V. Dymchenko [3], O. Zakharov ta P. Pryhunov [5], O.V. Olshanskyi [9], O.I. Sushynskyi [10].

However, in spite of the large number of works devoted to the mentioned topic, the issues of the management system directions improvement of housing and communal services enterprises, in particular, the optimal form of regional housing and public services management and the system of control over the housing and communal services processes in the region have not been sufficiently studied and need further in-depth scientific analysis.

For Ukraine, it is advisable to formulate and introduce a conceptual framework for the state administration mechanism of the national economy housing and utilities sector entities, which will be able to bring to the interaction the results of the considered components evaluation in the context of Ukraine’s housing and communal services restructuring, a distinctive feature of which or optimizing the housing and utilities sector entities financial support in the context of financial restructuring efficient innovation infrastructure of economy. The aim of the article is to analyze the organization of public administration of housing and communal services functioning and development in terms of forming a conceptual basis of the state management mechanism of housing and public services enterprises, which will lead to the evaluation results interaction of the considered components in the context of Ukraine’s housing and public sector restructuring.

The main part

It is determined that among the potential sources of financing for the housing and communal services producers needs it is possible to allocate: funds of the population and other housing and communal services consumers; local budget funds; financial and credit institutions funds; non-bank financial institutions funds; public centralized capital investments; own funds of the housing and public services enterprises; private companies funds interested in carrying out activities in the housing and public sector of the national economy.

Thus, in V.O. Makukhi’s opinion [4], population funds are attracted on the basis of invoicing arrangements for housing and public services provided. Therefore, their amount depends on two main factors: the services consumption level and the approved tariffs level. Regulations on the tariffs formation for housing and communal services allow the possibility to include in their composition in additional economically feasible cost value, as well as the cost of making capital investments for the development programmes implementation. Therefore, the population’s potential can be seen as a source of financing for the housing and utilities sector needs. But in most settlements tariffs for the population do not even compensate for the services cost value.

It has been proved that as a main motivation for restraining tariff increases for the population, local authorities are citing social insecurity due to low wages, pensions, social benefits and so on. In addition, it is used the burdens partial transfer possibility from the population to other consumers on the basis of setting higher differentiated tariffs for them. On the whole, the regulatory authorities arguments appear to be justified, but we cannot fail to note the political component of this issue, when populist decisions are made without examining the situation and considering possible alternatives [10].

With this consideration in mind, from our viewpoint, the possibility of attracting funds from the population depends on the following factors: raising the population’s income level; the local authorities willingness to act reasonably, based on simple logic – if the problem can be solved, it must be solved, if it does not have this opportunity – other options should be sought; the population’s awareness that tariffs raising results in improved quality, reliability and safety.

In addition, as V.I. Kravchenko states [6], other consumers’ funds (except the population) also mainly come from issuing invoices for housing and communal services provided. But the services consumption by this consumers group is insignificant (usually from 5% to 30% for different services depending on the specific situation in each settlement, everything else is consumed by the population). Other consumers include budget organizations and self-supporting organizations. In monetary terms, this group settles 40 – 70% of the accounts, because for self-financing organizations the tariffs are the highest. In addition, it is necessary to pay attention to the share participation possibility in the infrastructure development of enterprises settlements and organizations

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that are being created or expanded. From our viewpoint, this source can be considered as a real one, but it requires appropriate justifications regarding the size of the unit participation and the decision-making by local authorities.

With regard to local budget funds, it has been proven that local budget involvement in funding the housing and utilities sector problem can be manifested in the following forms [2]: targeting budget funds for the specific development programmes or individual activities implementation; taxes exemption from the housing and utilities sector enterprises (in part that goes to local budgets) or their partial payment. Instead of transferring such funds to the budget, it is possible for an enterprise to commit them to the specific targeted measures implementation in accordance with a local authorities decision; subsidies provision to housing and utilities sector enterprises as a result of loss tariffs; providing the population with additional targeted subsidies (in excess of the amount of privileges and subsidies provided by law), while setting economically feasible tariffs.

As practice shows, there is currently limited funding for the housing and utilities sector from local budgets, which is explained by many reasons. The housing and utilities sector is only one of the urban economy important spheres. Even if we talk only about housing and communal services, usually on the ground, in the first place, they sponsor housing service and address issues related to ensuring the city’s livelihood in winter, and, first of all, keep budgetary institutions that do not provide paid services. In addition, housing and communal services have not been delivered to local authorities from the state that is not in the best condition, the development needs of which far exceed the local budgets capacity. The economic situation in each settlement is also different, which must also be taken into account.

Therefore, according to O. Zakharov and P. Prigunov [5], short-term loans related to working capital replenishment to cover current payments of the housing and communal services enterprises are the most common in Ukraine, but at the same time the size of such loans is strictly limited. The granting for making capital investments is practically not practiced, the main reasons are the following: high interest rates of domestic banks; the need to provide collateral (while such enterprises operate complexes owned by local councils; in addition, in the most important areas of housing and public services, there is a legislative prohibition on privatization); financial unattractiveness of housing and utilities sector enterprises due to loss-making activities, etc.

Incidentally, international financial institutions, unlike domestic banks, are ready to participate in cost projects, including in the field of environmental protection. The attractiveness of cooperation with the IBRD and the EBRD lies in the low interest rates (6.5 – 7% per annum) and the possibility of receiving grants from foreign governments. However, it should be borne in mind that in such projects the foreign consultants share and the obligation to supply foreign production equipment is quite significant. Factors that impede the foreign financial institutions sources usage are the imperfection of domestic legislation and the need to provide guarantees to the Ukrainian Government.

Moreover, in the early 1990s, when the decentralization and communal ownership processes of local communities began in Ukraine, financing for the housing and utilities sector enterprises development from the state budget was almost completely discontinued, with the state objects exception, individual environmental projects and cases of large-scale man-made disasters. The situation changed after the adoption of the Law of Ukraine “On the National State Programme for Reforming and Developing the Residential Services Sector for 2004–2010” of 24.06.2004 № 1869-IV [7], when to finance measures for the housing and communal services development, among other things, financing from the state budget was provided. Currently, this source, although limited, is quite feasible to fund specific activities if local authorities are provided with appropriate justifications and developed regional and urban development programmes.

However, according to V.V. Mamonova and O.V. Olshanskyi [8], among its own sources of the housing and utilities sector enterprises, first of all, one should consider the depreciation funds, but to date, this source shows insufficient ability to accumulate the necessary funds, in addition, loss-making enterprises have the inappropriate use of depreciation fund in current assets replenishment for current activities. However, if a local authority approves the tariffs that include the capital investment cost for the enterprises development programmes implementation, this additional source may appear. One should also not forget about the possibility of funds accumulation at the expense of cost optimization, which requires the enterprise purposeful activity in this direction. In addition, private companies funds interested in the economic activity in the housing and utilities sector are one of the most attractive sources, because besides investing in the systems development, it is about the introduction of promising organizational forms in the housing and utilities sector, with which attracts modern management and the latest technologies.

Concerning the definition of institutional changes directions in Ukraine’s housing and communal services, the conducted analysis on these issues has shown that in Ukrainian legislation there is no clear separation of powers between the regional state administrations and local authorities. In particular, the most challenging issue is the authority to set tariffs for housing and communal services. Thus, in accordance with the Law of Ukraine “On Housing and Communal Services” of 09.06.2018 № 2189-VIII [1], tariffs on services for the maintenance of houses and structures and near-house territories, centralized water supply and drainage; centralized heating, centralized supply of hot water, as well as services for cleaning, solid domestic waste removal and neutralization. At the same time, according to the Law of Ukraine “On Local Self-Government in Ukraine” of 28.11.2019 № 280/97-VR [1], the establishment (in the order and within the limits determined legislation) tariffs for payment
of household, communal, transport and other services provided by enterprises and organizations of communal property of the respective territorial community and coordination of these issues with enterprises, institutions and organizations that do not belong to the communal property.

Therefore, the regulatory framework for the tariffs setting for housing and municipal services is supersensible, requiring the elimination of these contradictions by amending the relevant legal acts. The regulatory framework contradictory nature in the field of tariff regulation enables local authorities to evade the establishment of economically feasible tariffs and thereby deprive themselves of the responsibility provided for by the Law of Ukraine “On Housing and Communal Services”, according to which in the case of tariffs setting for housing and municipal services they are obliged to compensate producers for the difference from the relevant local budget [3].

O.V. Olshanskyi [9] emphasizes that the lack of a certain responsibility of local authorities for the consequences of making inadequate decisions is one of the main reasons for the failure in the housing and communal services management system. In particular, in Ukraine there is a practice in which the activity regulation is carried out by local authorities (fixed assets owners), and the ultimate responsibility for the results of production and economic activity rests with the enterprises. As the main consumer of housing and communal services is the population, it is often a decision making regarding tariffs, services consumption standards and other political factors that result in enterprises financial and industrial sustainability.

Considering this, in order to take into account all the systemic consequences of the decisions taken by the authorities, it is necessary to regulate the legal interaction of the fixed assets and enterprises owners that exploit these funds by concluding agreements between them, with a clear distinction between the parties’ powers and responsibilities. Such a measure will increase the business entities responsibility and facilitate informed decision making. In the addition to the above, in our opinion, the reform of housing and public services should be carried out in the following main directions: effective management organization in the sphere of production and housing and municipal services provision; deepening demonopolization and creating a competitive environment in the housing and communal services market; technical re-equipment of the housing and communal services enterprises; technical re-equipment of housing and municipal services, approximation to the requirements of the EU indicators of energy and material resources usage for the national economy housing and municipal services production.

Thus, with the help public administration organization analysis of the housing and communal services enterprises functioning and development, the unsatisfactory condition factors of the housing and communal services entities were generalized, financing potential sources of their needs were identified and institutional changes directions of the housing and utilities sector were formulated, which is the basis for improvement of the system of Ukraine’s housing and communal services management. According to the research results of theoretical and methodological foundations of the housing and communal services management system functioning, the conceptual basis of the state management mechanism of the national economy housing and utilities sector enterprises is proposed, which will lead to the results interaction of the considered components evaluation in the context of housing and communal services restructuring (Tab. 1).

Considering the material studied, we believe that at the present stage in the development of Ukraine’s national economy housing and utilities sector entities, in particular, urban economy, the main emphasis should be placed on the creation of appropriate institutional conditions, the priority areas of which are:

- improvement of the management system at the state level by eliminating duplication of functions by different branches of government;
- creation of legal conditions for the public-private partnership development in the field of housing and municipal services. In particular, it is about increasing the investment attractiveness of the housing and utilities sector enterprises, legal support for the local authorities participation in joint problem solving and possible financing, providing guarantees to private companies, increasing the private sector representatives responsibility for the consequences of their activities. This should lead to a gradual emergence in the country of domestic companies capable of operating in the housing and utilities sector;
- the decision-making technology improvement by local authorities on the choice of the optimal management form of the housing and utilities sector enterprises. At this stage, such decisions can be made by local authorities on the basis of partial justifications that do not take into account the full range of problems and socio-economic consequences, which significantly reduces the quality of such management decisions;
- strengthening the local authorities responsibility for the efficient property usage of the territorial community and decision-making regarding the housing and utilities sector enterprises. It is necessary for them to establish contractual relations between the owners and the enterprises, with a clear separation of parties’ powers and responsibilities. It also needs to improve contracting with housing and municipal enterprises managers.
Table 1. Conceptual basis of the state management mechanism of Ukraine’s national economy housing and utilities sector enterprises

<table>
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<tr>
<th>PUBLIC ADMINISTRATION OF HOUSING AND COMMUNAL SERVICES FUNCTIONING AND DEVELOPMENT</th>
<th>unsatisfactory condition factors of housing and communal services entities</th>
<th>potential financing sources for needs of the housing and communal services enterprises</th>
<th>institutional changes directions in the housing and communal services</th>
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</thead>
<tbody>
<tr>
<td>population and other consumers funds of the housing and communal services</td>
<td>local budgets</td>
<td>financial institutions funds</td>
<td>state-owned centralized capital investments</td>
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<tr>
<td>the state-level management system improvement based on elimination duplication of functions by different branches of government</td>
<td>creation of legal conditions for the public-private partnership development in the field of housing and municipal services</td>
<td>decision-making technology improvement by local authorities on the choice of the optimal form of the housing and utilities sector enterprises management</td>
<td>strengthening the accountability of local authorities for effective use of property of the territorial community and decision-making on the housing and utilities sector enterprises</td>
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THE URBAN HOUSING AN UTILITIES SECTOR FUNCTIONING AND DEVELOPMENT

Source: formed by the author on the basis [1-10]

Mechanisms improvement for communal property transfer for rent, concession and term management. Currently, the Ukrainian legislation contains certain loopholes that can be used by individual officials when making decisions on the transfer to the residential complexes of housing and utilities sectors by private operators without experience and adequate financial and material base. In addition, agreements are made without defining the transfer terms of property and the exit of private utility companies, which creates a risk of loss for the community.

The project form implementation ensuring the urban economy housing and utilities sector development during the programmes implementation of different development level and on the basis of involvement in the private companies sector management.

Conclusions

It has been proved that local budget involvement in financing the problems of housing and utilities sector can be manifested in the following forms: targeting budget funds for the specific development programmes implementation or individual measures; exemption of the housing and utilities sector enterprises from payment of taxes (in part, which come to the local budgets) or their payment in full. It is possible to oblige an enterprise, instead of transferring such funds to the budget, to use them for the specific targeted measures implementation in accordance with the local authority decision; subsidies provision to housing and utilities sector enterprises for covering losses due to loss tariffs; providing the population with additional targeted subsidies (in excess of the amount of privileges and subsidies provided by law), while setting economically feasible tariffs.

It has been noted that the lack of certain responsibility of local authorities for the consequences of making inadequate decisions is one of the main reasons for the management system failure in housing and communal services. In particular, there is a practice in Ukraine in which the activity regulation is carried out by local authorities (owners of fixed assets), and the ultimate responsibility for the production results and economic activity rests with the enterprises. As the main consumer of housing and communal services is the population, it is quite common to make decisions on tariffs, service consumption standards and other political factors that result in enterprises financial and industrial sustainability.
With the help of the conducted public administration organization analysis of housing and communal services functioning and development it has been generalized the unsatisfactory condition factors of the housing and communal services entities, has been identified potential sources of financing their needs, and has been formulated directions of institutional changes in the national economy housing and utilities sector, which is the basis to improve Ukraine’s housing and communal services management system. According to the research results of theoretical and methodological foundations of the housing and communal services management system functioning, the conceptual basis of the state management mechanism of national economy housing and utilities sector enterprises is proposed, which will lead to the results interaction of the considered components in the context of Ukraine’s housing and communal services restructuring.

Abstract

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